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## **Typologies of religious market model an economic approach to religion**

Kim, Yoon Tae

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**Author:** Yoon Tae Kim

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**TYPOLOGIES OF RELIGIOUS MARKET MODEL:  
AN ECONOMIC APPROACH TO RELIGION**

By  
Yoon Tae Kim

A Thesis Submitted to the  
King's College London  
For the degree of  
DOCTOR OF PHILOSOPHY

Department of Theology and Religious Studies  
School of Art & Humanities  
The King's College London  
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## ABSTRACT

Kim, Yoon Tae

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The purpose of this thesis is to examine the economic approach to religion and suggest a new frame for the religious market model. In religious studies, various approaches have been attempted, for example anthropology, sociology and psychology. Recently, some sociologists and economists have started to observe the marketization of religion and to explain religious phenomena or behaviours from an economic perspective. Based on this economic approach to religion, they have made it possible to explain not only marketization of religion but also religious revival in a secular and modern period. In spite of their great contributions to the formation of a new paradigm in religious studies, however, the economic approach to religion has been criticized for its reductionist methodology and basic assumptions. In addition, this approach has been questioned about its main theory, the religious market model. Some people assume that this model can be applied only to a free market situation in the modern period; others assume that it is applicable only to specially secularized regions, such as the U.S. or U.K. Nevertheless, the previous model has often shown some limitations because of the narrow understanding of the religious market. After all, these limitations have left economists of religion unable to explain more diverse religious contexts. Given these considerations, this thesis concludes that the existing religious market model needs to be more comprehensively updated. Therefore, in order to enhance the applicability of the economic approach to religion, I suggest new typologies of the religious economic system, religious market, and religious market structure. Then I examine how they can be applied in an actual religious marketplace through specific cases in South Korea.

Mentor: Professor Markus Vinzent

## **DEDICATION**

This research is dedicated to my inspirational mentors, Professor Markus Vinzent,  
Professor Werner Ustorf, Chancellor of DTU Soon-hwan Hwang, Rev. Yong-ho Kim,  
Rev. Dong-sul Shin, and my Lord, Jesus Christ.

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## TABLE OF CONTENTS

ABSTRACT .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENTS .....	iv
TABLE OF CONTENTS .....	v
LIST OF FIGURES .....	ix
LIST OF TABLES .....	x
LIST OF ABBREVIATIONS .....	xi
CHAPTER 1 INTRODUCTION.....	13
Description of the Study .....	13
Limitations of Previous Studies .....	14
Previous Studies.....	15
Limitations of the Previous Model.....	16
Research Method and Methodology .....	17
Sociological Method .....	18
Economic Method .....	20
Historical Method .....	21
Basic Concepts of the Study .....	21
Economic Approach to Religion.....	21
Religious Market Model .....	22
Sources of the Study .....	24
Documentary Sources for the Theoretical Part .....	24
Statistical Data for the Application Part .....	24
Definition of the Terms.....	26
Religious Studies.....	26
Economic Approach to Religion.....	28
Basic Terms of the Economic Approach to Religion .....	29
Structure of the Study .....	30
Scope and Limitations.....	31
Theoretical Part .....	31
Application Part .....	32
PART I THE THEORETICAL BACKGROUND OF THE ECONOMIC APPROACH TO RELIGION .....	35
CHAPTER 2 THE EMERGENCE OF A NEW PARADIGM IN RELIGIOUS STUDIES .....	36
Previous Approaches to Religion.....	36
Humanistic Approach to Religion.....	37
Critical Interpretations of Religion .....	38
Responses to the Critical Interpretations .....	40

Scientific Approach to Religion.....	43
Reductionist Perspectives .....	45
Descriptive Perspectives .....	49
A Paradigm Shift in the Scientific Study of Religion.....	52
The Old Paradigm.....	53
The New Paradigm.....	55
Economic Approach to Religion for the New Paradigm .....	58
The Beginning of the Economic Approach to Religion.....	59
The Development of the Economic Approach to Religion.....	60
Summary and Conclusion .....	64
 CHAPTER 3   A THEORETICAL REVIEW OF THE ECONOMIC	
APPROACH TO RELIGION .....	67
Key Concepts of the Economic Approach to Religion .....	67
Rational Choice Theory .....	67
Religious Market Model .....	70
Reviews of the Economic Approach to Religion.....	74
Debates over the Economic Method to Religion .....	74
Critiques .....	74
Responses.....	75
Debates over the Assumptions of Rational Choice Theory .....	79
Critiques .....	80
Responses.....	81
Debates over the Application of the Religious Market Model .....	84
Critiques .....	85
Responses.....	86
Limitations of the Previous Religious Market Model.....	87
Narrow Understanding of Religious Economic System .....	88
Understanding of the Market System .....	88
A Limitation of the Previous Religious Economic	
System Concept .....	89
Narrow Understanding of Religious Market.....	91
Debates over Religious Vitality .....	91
A Limitation of the Previous Religious Market	
Concept.....	94
Narrow Understanding of Religious Market Structure.....	95
Understanding of Market Structure .....	95
A Limitation of the Previous Religious Market	
Structure .....	95
Summary and Conclusion .....	97
 PART II    A THEORETICAL EXTENSION OF THE RELIGIOUS MARKET	
MODEL .....	99
 CHAPTER 4   RELIGIOUS ECONOMIC SYSTEM AND RELIGIOUS	
MARKET.....	100
Definition and Classification .....	101
Definition of Economic System and Market.....	101
Economic System.....	101



Market .....	102
Definition of Religion .....	103
Previous Approaches to Definition of Religion .....	104
Economic Approach to Defining Religion.....	108
Types of Religious Form .....	109
Uninstitutional Religion.....	110
Institutional Religion .....	112
A New Typology of Religious Economic System .....	120
Hands-on System .....	121
Hands-off System.....	123
Mixed System .....	125
A New Typology of Religious Market .....	126
Extra-Religious Market.....	128
Inter-Religious Market.....	132
Local inter-religious market.....	133
Intra-Religious Market.....	134
Denominational Market .....	136
Local intra-religious market.....	137
Summary and Conclusion .....	138
 CHAPTER 5 RELIGIOUS MARKET STRUCTURE CHANGES.....	141
A New Typology of Religious Market Structure.....	141
Perfectly Competitive Religious Market.....	142
Religious Free Market.....	142
Imperfectly Competitive Religious Market .....	143
Religious Oligopoly .....	143
Religious Monopoly.....	145
Religious Monopsony .....	146
Religious Oligopsony.....	148
The Factors of Religious Market Change .....	148
The Relationship of Society and Religion in Religious Change .....	149
Religion as a Dependent Variable.....	149
Religion as an Independent Variable .....	151
Religion as an Interdependent Variable .....	152
Social Factors of Religious Market Change .....	154
Government.....	155
Society.....	158
Social Type .....	159
Religious Factors of Religious Market Change .....	162
Religious Provider.....	163
Religious Consumer.....	166
The Interaction of Social and Religious Factors.....	170
Religious Market Equilibrium .....	170
Religious Market Change.....	171
Extra-religious Market Change.....	171
Inter-religious Market Change .....	173
Intra-religious Market Change .....	176

Summary and Conclusion .....	178
PART III APPLICATION OF THE TYPOLOGIES TO THE CASES OF THE south KOREAN RELIGIOUS MARKET BETWEEN 1945 AND 1987.....	182
CHAPTER 6 RELIGIOUS ECONOMIC SYSTEM BETWEEN 1945 AND 1987.....	183
Historical Background .....	183
Socio-political Background.....	184
Religious Background.....	185
Religious Economic System .....	187
Deregulation of Religion.....	187
Regulation of Religion.....	190
Government Favouritism of Religion .....	190
Government Regulation of Religion .....	195
Summary and Conclusion .....	200
CHAPTER 7 RELIGIOUS MARKET STRUCTURE BETWEEN 1945 AND 1987.....	202
Extra-religious Market .....	202
Inter-religious Market .....	209
Intra-religious Market .....	216
Summary and Conclusion .....	225
CHAPTER 8 SUMMARY AND CONCLUSION.....	227
Summary .....	227
Conclusion .....	231
REFERENCES CITED .....	233
VITA.....	256

## LIST OF FIGURES

FIGURE 1	SOUTH KOREA RELIGIOSITY IN 2005.....	32
FIGURE 2	ECONOMICS OF RELIGION AS A NEW DISCIPLINE .....	63
FIGURE 3	MAJOR RELIGIOUS TRADITIONS IN THE U.S.....	132
FIGURE 4	A NEW TYPOLOGY OF RELIGIOUS ECONOMIC SYSTEM .....	138
FIGURE 5	A NEW TYPOLOGY OF RELIGIOUS MARKET .....	139
FIGURE 6	A NEW TYPOLOGY OF RELIGIOUS MARKET STRUCTURE.....	178
FIGURE 7	TOTAL POPULATION VS RELIGIOUS POPULATION, SOUTH KOREA, 1950-1980.....	188
FIGURE 8	THE GROWTH OF THE RELIGIOUS, 1985-1995 .....	189
FIGURE 9	NUMBER OF PROTESTANTS, CATHOLICS, AND BUDDHISTS, SOUTH KOREA 1950-1990 .....	194
FIGURE 10	RELIGIOUS MARKET SHARE OF THREE MAIN RELIGIONS, 1984-1989.....	199
FIGURE 11	TOTAL POPULATION VS RELIGIOUS POPULATION, SOUTH KOREA, 1950-1980.....	204
FIGURE 12	GRADUAL PROCESS OF RELIGIOUS OLIGOPOLY AFTER THE LIBERATION .....	212
FIGURE 13	SOUTH KOREA RELIGIOSITY IN 1985 .....	213
FIGURE 14	NUMBER OF PROTESTANTS, CATHOLICS, AND BUDDHISTS, SOUTH KOREA 1950-1990 .....	214
FIGURE 15	DENOMINATIONAL STATISTICS.....	218
FIGURE 16	MEMBERSHIP STATISTICS OF KOREAN PROTESTANT CHURCH .....	221

## LIST OF TABLES

TABLE 1	SCHEMATIC COMPARISON OF NEW AND OLD PARADIGMS.....	57
TABLE 2	RELIGIOUS BACKGROUNDS OF THE SOUTH KOREAN POLITICAL LEADERS .....	191
TABLE 3	THE PROPORTION OF DENOMINATION AMONG CHAPLAIN CORPS .....	192
TABLE 4	THE POLITICAL POSITIONS OF MAIN RELIGIONS IN 1970S.....	196
TABLE 5	THE FREQUENCY OF DEMOCRATIZATION ACTIVITIES..	196
TABLE 6	PROTESTANT CHURCHES DAMAGED IN THE KOREAN WAR.....	197
TABLE 7	THE GROWTH OF THE CHURCH AND ITS MEMBERS BY THE REVIVAL IN 1907.....	210
TABLE 8	MEMBERSHIP STATISTICS OF THE KOREAN PROTESTANT CHURCH FROM 1918 TO 1922.....	210
TABLE 9	MEMBERSHIP STATISTICS OF THE KOREAN PROTESTANT CHURCH FROM 1950 TO 1995.....	211
TABLE 10	THE GROWTH OF CHRISTIANITY, 1960-1990.....	213

## **LIST OF ABBREVIATIONS**

ASREC	Association for the Study of Religion, Economics, and Culture
CESR	Centre for the Economic Study of Religion
CPAJ	Catholic Priests Association for Justice
DCC	Daehan Christian Coalition
DPRK	Democratic People's Republic of Korea
ENER	The European Network on the Economics of Religion
ERel	Economics of Religion
GCPEMK	General Council of Protestant Evangelical Missions in Korea
GRI	Government Regulation Index
HM2K	Humanist Manifesto 2000
ICCK	International Council of Christian Churches in Korea
KNCC	Korean National Council of Churches
KOSIS	Korean Statistical Information Service
KOSTAT	Statistics Korea
KWMA	Korean World Missions Association
MFN	Most Favored Nation
NAE	National Association of Evangelism
NCC	National Council of Churches
NCKK	National Council of Churches in Korea
NRM	New Religious Movement
PCK	Presbyterian Church of Korea
PROK	Presbyterian Church in the Republic of Korea
RCT	Rational Choice Theory
ROK	Republic of Korea
RMM	Religious Market Model

SRI	Social Regulation Index
USAMGIK	United States Army Military Government in Korea
WCC	World Council of Churches

# **CHAPTER 1**

## **INTRODUCTION**

Since the 19<sup>th</sup> century, religious studies has been further developed by the impact of various approaches, such as psychology, anthropology, and sociology. These disciplines have often observed the loss of faith of the Western world in the modern period and attempted to present persuasive answers to it in their own perspectives. Some scholars have suggested a theory of secularization. According to them, modernity causes a plurality of worldviews, which in turn reduces religion to a private sphere. As religion becomes a matter of choice, they argue that its decline will be inevitable.

After World War II, however, scholars started to observe a resurgence of religion. The world became more modern than before; however, it was not becoming more secular. Contrary to the expectation of the secularization theorists, all over the world religion has thrived. Finally, some scholars declare, “God is back” (Micklethwait and Wooldridge 2009). Even Europe is no exception. According to abundant statistical researches, decrease of religious attendance has not resulted in an abdication of religious belief itself. Grace Davie argues that: “Europeans are not so much less religious than citizens in other parts of the world as differently religious” (1999, 65). She describes the case of Europe as “believing without belonging” (Davie 1994). This unexpected situation requires a new explanation from religious studies, an answer to the question: how do we explain the resurgence of religion in the modern period?

### **Description of the Study**

While researching the above issue, some scholars came to observe the phenomenon of marketization in the 20<sup>th</sup> century. In fact, the matter of bread and butter has been a constant in human life. However, it was the emergence of neoliberalism in the 1980s that extended the influence of the market into all aspects of human life.

Neoliberalists emphasize the private sector's role in a society. They advocate economic liberalization, free trade and open markets, deregulation of markets, and privatization of state-owned enterprises (Thorsen 2011). Because of the influence of this ideology, even public sector facilities, such as schools or hospitals, started to be privatized and put out to the competition of commercial markets. Religions were no exception. When they lost state support and their plausibility structure in a religious plural society, they began to make efforts to attract religious members and compete with other religions. When they entered into this competition, they acted like commercial enterprises. Hence, the religious context became similar to a market context. Some economists and sociologists observed this marketization phenomenon in religion and attempted to apply economic theories to religious phenomena. Since the beginning, of course, their approach has been controversial. Some scholars have criticized its methodology; others have questioned the basic assumptions of the economic approach. While economists of religion have presented plausible answers to these criticisms, questions regarding the application of the theory remain unresolved. Some scholars assert that the theory can be applied only to a free market situation in the modern period; others argue that it is applicable only to specially secularized regions, such as the U.S. or the U.K. In spite of its great contributions to religious studies, the economic approach to religion has failed to present an appropriate response to this criticism. It is this weakness that provides the starting point for the present research.

### **Limitations of Previous Studies**

The economic approach to religion is a kind of hybrid method of sociology, economics, and religious studies. This approach has been developed sporadically by a small number of sociologists and economists only over the last few decades. Nevertheless, the approach is rising in religious studies, and is influencing other disciplines. Let us see how the studies have been developed so far, and look briefly at their limitations.



### *Previous Studies*

Adam Smith [1723-1790] was the first scholar to attempt the economic approach to religion. He dealt with religious-moral issues in terms of an economic approach (Smith 1776). In his book *The Wealth of Nations*, he indicated the self-interest of clergy as a motivation of religious change, just like in a commercial market. Max Weber [1864-1920] also investigated the issue of economics and religion. In his book *The Protestant Ethic and the Spirit of Capitalism*, he argued that the Protestant ethic promoted the rise of capitalism (Weber 1992 [1930]). Strictly speaking, however, his research was not an economic approach to religion, but a sociological approach to economics.

The modern economic approach to religion was started by sociologists. Among them, Peter Berger (1963) was the first scholar to notice the marketization phenomenon and attempt to explain it in terms of an economic approach. In his book *The Sacred Canopy*, he analysed how the pluralistic situation marketizes religion in the modern period in terms of the secularization perspective (Berger 1967). He expected that as a result of secularization, religious organizations would be transformed from monopoly to competitive market structure, and finally decreased (Ibid., 138). Other sociologists, such as Finke and Stark, also adopted economic theories for the description of religious history. In opposition to secularization theorists, however, they focused on the resurgence of religion in terms of a new paradigm.

In the same period, some economists also started to show interest in this approach. While sociologists focused on marketization of religion, economists focused more on the application of economic theory to religion based on complex mathematical equations. In the 1970s, Azzi and Ehrenberg applied the concept of utility maximization to religion. They argued that believers allocate their resources to maximize the overall utility (Azzi and Ehrenberg 1975). Similarly, Garry Becker (1976) applied economic theories, such as market equilibrium, stable preferences, and maximizing behaviour, to various human activities. Subsequently, many other economists also attempted to apply economic

analysis to the non-market behaviours in politics, government, crime, war, education, family, health, law, and even religion.

In the 1980s, Stark and Bainbridge applied microeconomic theories such as rational choice theory, utility maximization, and rewards and compensators to religious studies. Their book *A Theory of Religion* was a compilation of all of the studies made so far on their economic approach to religion (Stark and Bainbridge 1987). Their theories were further developed by Laurence Iannaccone.

In the 1990s, economists started to apply mathematical analysis to religious contexts, based on extensive empirical data. Furthermore, sociologists and economists began to cooperate and attempted to set up a new discipline, Economics of Religion.

### ***Limitations of the Previous Model***

In the economic approach to religion, one of the most important models is the Religious Market Model. Economists of religion have developed this model from the economic market model based on the concept of supply and demand, seeing religion as a religious enterprise in a religious market. Nevertheless, they have often shown some limitations because of the narrow understanding of religious market.

First, the previous religious market model has a narrow understanding of the religious market system. Economists classify economic systems into three types, according to the level of government intervention in the markets: 1) hands-on or planned economy, 2) hands-off or market economy, and 3) mixed economy. Similarly in religious markets, government plays an important role because religious market structure can be varied by government regulation of religion. Of course, the previous religious market model theorists did note the role of government in religious markets and produced many researches regarding government regulation of religion. However, they tended to neglect the more theoretical concept of religious economic system and its classification that goes beyond the confines of government interventions and relations.

Second, the previous religious market model has a narrow understanding of the religious market. In economics, there are various types of market, such as a product market, a geographical market, and a seasonal market. Furthermore, each market may have its own sub-market. Similarly, in a complex religious context, we can assume various kinds of religious markets, such as religious product markets or religious geographical markets. Nevertheless, the previous religious market model theorists tend to understand the religious market as a single market, neglecting the complexity and diversity of the religious context.

Third, the previous religious market model has a narrow understanding of the religious market structure. According to the types of competition, economists classify the commercial market structure into several types, such as monopoly, oligopoly, oligopsony, and monopsony. However, the previous religious market model tends to assume only two types: religious monopoly and religious free market. This classification is much too simple to explain all the complicated religious contexts.

Overall, the above narrow understandings of religious market model have left economists of religion unable to explain more diverse religious contexts. For that reason, the previous religious market model needs to be updated and extended.

### **Research Method and Methodology**

Because of the complexity of religion, it is not easy to explain religious phenomena precisely and completely. Roger Bastide (2003 [1935]) criticizes the meta-theories of the nineteenth century and insists upon the transition from monocausal to multi-dimensional explanations of religious phenomena. He concludes that we must consider various factors to fully understand them (Ibid., 206). For the same reason, I will attempt multi-dimensional explanations of religious phenomena, even though this research is focused mainly on the economic approach.

This research will be performed mainly through library research. It will employ two research methods: 1) analysis of documents and 2) analysis of historical records. I will use the former technique for the theoretical part and the latter for the application part. For the whole thesis, I will adopt three methodologies: 1) a sociological, 2) an economic, and 3) a historical method. The sociological and economic methods will be used for the introduction of theoretical background and the production of new theories. The historical method will be used for the application of such theories to the actual context.

### ***Sociological Method***

The primary method employed in this research is the sociological method, as often used by sociologists of religion. In fact, sociology of religion is a sub-category of sociology, which refers to the science that studies society and human behaviour in religion. More specifically, it means that the subject of the study is religion but the methodology is sociological (Yinger 1961, 135). In the case of this study, I will discuss the religious market from sociological perspective.

One of the fundamental rules of the sociological approach is to see a religious phenomenon as a social fact. Durkheim [1858-1917], one of the greatest French sociologists, insists upon seeing a social fact as a thing even though it is invisible (1982 [1895]). Here, social fact is neither an individual fact nor a general fact. It consists of “manners of acting, thinking and feeling external to the individual, which are invested with a coercive power by virtue of which they exercise control over him” (Durkheim 1982 [1895], 52). Durkheim defines it as follows:

A social fact is any way of acting, whether fixed or not, capable of exerting over the individual an external constraint; or which is general over the whole of a given society whilst having an existence of its own, independent of its individual manifestations (1982 [1895], 59).

Max Weber describes this as social behaviour, “a subjectively meaningful action determined by others” (Weber 2002 [1952], 29-43). In this study, I will analyse religious phenomena in terms of the social fact. However, this does not mean that all the religious

aspects will be neglected. On the contrary, it means that I will deal with religious phenomena as if they are actual just like other social facts, even if some of them are invisible.

The second rule of the sociological method applied in this study is the use of scientific methods. In general, sociological method is defined as a scientific attempt to understand a social fact or behaviour (1963, 16-17). Max Weber defines sociology as “science which aims at the interpretative understanding of social behaviour in order to gain an explanation of its causes, its course, and its effects” (2002 [1952], 29). As a scientific study, this research will aim at the above goal and follow four scientific attitudes: 1) empirical, 2) objective, 3) verifiable, and 4) “value-free” (Weber 1949, 50-112).

The final rule of this research is objectivity. As Durkheim emphasizes: “The conventional character of a practice or an institution should never be assumed in advance” (1982 [1895], 70). In order to maintain objectivity, I will take a value-neutral analytical position. Value-neutral does not mean value-blind or value-free. It means non-normative and non-evaluative in every value-judgment case while maintaining ethical or theological neutrality. I do not think that value-free sociology is possible. Even Max Weber, who is reputed to have advocated “value-free sociology”, did not believe that it could ever exist. Instead, he insisted on striving for a value-neutral sociology (1949, 50-112). As Peter L. Berger also admits, it is impossible for a human being to exist without any values at all (1963, 5). However, a researcher can aim to be in a neutral position, even though his or her attempt cannot be perfect. This study will aim at such neutral stance.

Based on the above social scientific attitudes, I will establish the social scientific theories in this research. In general, a scientific study consists of several theories. All are formed through the process of collecting data through observation and experimentation, formulating and testing hypotheses, and setting up a general principle. Each theory consists of various axioms or assumptions. In this research, I will develop the theories based on the following social scientific formats: 1) axiomatic, 2) causal process, and 3)

typological or classificatory formats (Turner 1998). Among these, especially, the main theory will be established in terms of the typological or classificatory format. This means that typological theories in this research will correspond to the ideal types of Max Weber.

### ***Economic Method***

The second method for this research is the economic method. The religious market model, the basic theory of this research, has been developed from the application of microeconomics in religion. Naturally, I will also analyse religious phenomena from the perspective of the economic approach.

What then, is the economic approach? In general, economics refers to the social science that studies human behaviours between ends and scarce means, in other words, the production, distribution, and consumption of goods and services (Robbins 1945, 16). Traditionally, economics is divided into two main areas: 1) macroeconomics and 2) microeconomics. Macroeconomics is concerned with the economy as a whole (Sloman 2003, 5). It deals mainly with aggregate demand and supply, namely, the total level of spending and output in the economy. For example, it includes overall level of prices, national income and output, the unemployment rate, price inflation, monetary policy, and fiscal policy. In contrast, “microeconomics is concerned with the individual parts of the economy” (Sloman 2003, 6). It deals with the demand and supply of individual units such as cars, clothes, computers, and coffee shops. In this research, I will deal with religious markets in terms of microeconomics, regarding the product as religion, the supply side as religious organizations, and the demand side as religious buyers.

Based on the above economic approach, I will set up the economic theories of religion. In fact, the primary tasks of economics are explanation of existing observed phenomena and prediction of upcoming phenomena (Pindyck and Rubinfeld 2009, 5). For more effective explanations, economic theories consist of a set of basic rules, assumptions, and models. In general, a new theory can be constructed by three steps:

hypothesis, new model, and verification. This research will follow these three steps. In the theoretical part, I will suggest a new model through hypotheses. Then I will verify it in the application part through the historical cases of Korea.

### ***Historical Method***

The final method of this research is the historical method. It is very useful to describe the circumstances of an event and reveal the direct causes of it. According to E. H. Carr, “A historical study is a study of causes” (1961, 84). Through this method, I will be able to show how the economic approach to religion has been developed so far, and to describe the causes and effects of the Korean religious market changes. In many parts, however, historical descriptions will be combined with sociological explanations. In fact, there has been considerable cooperation between sociology and history in the study of religion (Hill 1985, 96). Sociologists often adopt a historical method for descriptive explanations; historians also adopt a sociological method for analytical explanations. In some cases, the boundary between the two disciplines becomes vague or overlap. Because of this close affinity, I will not use the historical method independently of sociological explanations.

### **Basic Concepts of the Study**

The main purpose of this research is to update the existing concept of the religious market model by evaluating the previous studies. To do so, the research will start from the following basic concepts.

### ***Economic Approach to Religion***

The most fundamental concept of this research is the economic approach to religion. This approach encompasses various economic theories and assumptions. Stark proposes nine fundamental principles of the economic approach to religion as follows:

(1) the core of all religions is belief; (2) the basis of all religious practice involves exchanges with the supernatural; (3) individual religious tastes vary along a spectrum of intensity; (4) people are as rational in making their religious choices as in making their secular decisions; (5) religious doctrines differ greatly in their ability to inspire commitment; (6) religion is a collective enterprise; (7) religious groups that ask the most of members are enabled thereby to give them the most, thus sustaining the highest levels of rank-and-file commitment; (8) most new religious groups begin as high intensity faiths, and the more successful ones gradually reduce their levels of intensity; (9) competition among religious organizations in any society stimulates effort, thus increasing the overall level of religious commitment and causing the demise of faiths lacking sufficient market appeal (2006, 49-50).

Among them, the most important concept is the rational choice theory. This starts from a simple assumption that people tend to act rationally and make choices in order to maximize their benefits. The economic approach to religion assumes that this perspective can be applied to the religious behaviours of individuals. Furthermore, it assumes that religious organizations also act rationally in order to maximize their interests, for example by recruiting members, increasing resources, and requesting government support.

### ***Religious Market Model***

Based on the above assumption, the concept of religious market model has been developed by economists of religion. In this research, I will attempt to update the model for wider contexts of religion. I will also suggest three typologies, as outlined below.

The first typology regards religious economic system. Just as in a commercial economic system, this research assumes that a religious economic system consists of three main bodies: 1) religious consumer, 2) religious provider, and 3) government. Among them, government is the most important element in determining the type of religious economic system. According to the type of government regulation of religion, therefore, I will classify the religious economic system into three types: 1) hands-on system, 2) hands-off system, and 3) mixed system. Here, hands-on system refers to the religious economic system in which religious decisions are taken by the central authorities. The hands-off system, by contrast, is the religious economic system in which the religious



markets are completely deregulated. The mixed religious economic system is a compromise form that combines elements of the above two systems. All these systems can occur in any religious market context according to the relationship between state and religion.

The second typology regards religious market. The previous model assumes that religious market is a single market. In other words, previous theorists often think that there is only one religious market in a society. In practice, however, the religious market is multi-layered. It can be subdivided into many sub-markets that coexist with each other. For this reason, this research assumes that there are various types of religious markets in a society. Because of this similarity with the commercial market, the religious market can be classified into three types: 1) extra-religious market, 2) intra-religious market, and 3) inter-religious market. Here, extra-religious market refers to the religious market in which traditional religions compete with functional equivalents of religion. The inter-religious market is the most typical religious market. Just as the international commercial market is formed among nations, the inter-religious market is opened among religions. In contrast, the intra-religious market is formed internally among sub-groups of a religion.

The final typology regards the religious market structure. Just as in a commercial market, this research assumes that there are various types of religious market structure. I will classify them into two types according to the type of competition: 1) perfectly competitive market and 2) imperfectly competitive market. The first type occurs in a religious free market structure. The second type has more diverse market structures, such as religious oligopoly, religious monopoly, religious monopsony, and religious oligopsony.

To conclude, this research proposes that a religious market is the sum of several religious markets. All these markets can exist in the same period. According to the result of religious competition, each of them, as we will see, can be opened, shrunk, closed, or reopened.

## **Sources of the Study**

In this research, I will use two types of sources: 1) written documents on religious studies, and 2) statistics on world religions. In relation to the theoretical background, I will consult journals and books; to support my theories, I will use statistical data about religiosity, which have been compiled from several nations.

### ***Documentary Sources for the Theoretical Part***

The primary sources of this research will be written documents of religious studies, such as scholarly journals, theses, and book. For the general background of religious studies, I will consult mainly three works published over the last four decades as the series “Religion and Reason”: 1) *Classical Approaches to the Study of Religion* (Waardenburg 1973), 2) *Contemporary Approaches to the Study of Religion* (Whaling 1995 [1984/85]), and 3) *New Approaches to the Study of Religion* (Antes, Geertz and Warne 2008 [2004]). These works have made a distinctive contribution to reviewing various achievements of religious studies. In addition, based on the above basic frame, I will quote various documents regarding debates between religion and other disciplines.

For the economic approach to religion, I will refer mainly to writings of sociologists and economists of religion, such as Stark, Finke, Iannaccone, and Bainbridge. In particular, Stark and Bainbridge’s book *A Theory of Religion* (1987) and Stark and Finke’s book *Acts of Faith* (2000) will be the main texts for establishing the propositions.

Finally, the main sources that I expect to use to support my hypotheses are articles, newspapers, magazines, periodical publications, and published sources about world religiosity.

### ***Statistical Data for the Application Part***

The second primary source of this research is statistical data. According to Durkheim: “To treat phenomena as things is to treat them as data, and this constitutes the starting point for science” (1982 [1895], 69). In the study of religion, there are three ways

to deal with data: 1) a macro approach, 2) a micro approach and 3) a longitudinal approach (Hill 1985, 90-97). North American scholars often quantify data based on large-scale survey techniques. British scholars, by contrast, tend to deal principally with historical materials based on regional or small-scale statistics. Elsewhere in Europe, especially in France, scholars prefer the long-term projects based on large-scale demographic statistics. This research is not about a special phenomenon, nor about a specific community; rather, it deals with a general context in a wide area and a long-term period. In this research, therefore, I will use large-scale statistics and historical material based on a macro perspective.

For the application part, I will use three main statistical sources of Korea: 1) census data on religion collected by the National Statistics Office, 2) the Yearly Religion Report of the Ministry of Culture, and 3) the membership reports of each religion as far as available. Among these data, the census data is the most reliable because it is based on a total inspection performed by the Bureau of Statistics. The other data are reported through self-inspection, hence they leave more room for exaggeration. Iannaccone articulates this difficulty as follows:

Religious data are, on the one hand, limited and unreliable. Governments collect few religious statistics and sponsor little religious research; most religious organizations keep sloppy financial records and overly inclusive membership lists; and many aspects of religion are inherently difficult to observe (1998, 1467).

Nevertheless, even exaggerated data should not be disregarded. They are meaningful to measure nominal religiosity, and valuable if there is no census data available. Finally, I will also refer to the surveys of Gallup and other research institutes regarding the religiosity of the Korean people. Based on these empirical data, I will verify how new typologies of religious market model can be applied in the actual field.

## Definition of the Terms

This research belongs to a sub-branch of religious studies: an economic approach to religion. Since both religious studies and the economic approach to religion are very young disciplines, there remains some confusion about terms and concepts. Before moving on, therefore, I want to clarify and define the terms used for these disciplines in what follows.

### *Religious Studies*

Unlike other disciplines, there have been various opinions about naming religious studies since the 19<sup>th</sup> century. In academia, religious studies often went under the name history of religion. Many scholarly associations in Europe have used this in their names, such as the International Association for the History of Religions (IAHR), the *Société Française d'Histoire des Religions* (SFHR: Association for the History of Religions), and the *Deutsche Vereinigung für Religionsgeschichte* (DVRG: German Association for the History of Religions). However, many other terms were also used, such as academic study of religion, science of religion,<sup>1</sup> comparative study of religion, sociology of religion, and psychology of religion. In the 1960s, therefore, some scholars attempted to replace “history” with “study” in a broad sense. This name change reflected a major shift of methodology, from history to a more comprehensive method (Stausberg 2008, 312). In other words, the study of religion subordinates not only the history of religion but also other approaches to religion. The best example is the European Association for the Study of Religion (EASR). From the membership list of EASR, we may observe members using other terms in their name, such as history of religion, science of religion, and study of comparative religion. Ninian Smart looks back upon the formation of religious studies in the 1960s as follows:

In the English-speaking world it basically dates from the 1960's...  
Religious studies was created out of a blend of historical studies,

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<sup>1</sup> Max Müller, often called a father of modern religious studies, was the first to use “science” in the name of religious studies as an academic discipline (*Introduction to the Science of Religion* 1882).

comparative expertise, and the social sciences, with a topping of philosophy of religion and the like. It rapidly became a major enterprise in academia (Smart 1999, ix).

Later, many Dutch, British, and German associations agreed to use “study” in their names, for example the *Nederlands Genootschap voor Godsdienstwetenschap* (NGG: Dutch Society for Religious Studies), the *Associação Portuguesa para o Estudo das Religiões* (APER: Portuguese Association for the Study of Religion), and the British Association for the Study of Religions (BASR). Nowadays, the term religious studies, the plural form of religious study,<sup>2</sup> is generally accepted by religious scholars in order to imply its multi-disciplinary characteristics. In this research, I will use the term religious studies. Of course, some scholars, such as Ugo Bianchi [1922-1995], still adhere to the old names, such as history of religion or comparative study of religion. As many scholars agree, however, religion has multi-dimensional aspects (Glock 1959). It cannot be explained or reduced by one method only. The study of religion, therefore, should not be limited to one specific discipline, but rather should encompass various approaches in order to study various religious phenomena as a whole. In that sense, ‘religious studies’ seems to be a more appropriate term.

In this research, therefore, I will define religious studies broadly as follows:

Religious studies is the multi-disciplinary study of religion to encompass various approaches, such as the historical, systematic, scientific, cross-cultural, psychological, philosophical, sociological, comparative, and phenomenological perspectives.

In the above definition, details of the subject or topic are intentionally left out, in order to allow a broad definition. If the subject is religious, I will consider that any methodology or approach can belong to the academic area of religious studies.

On occasion, a question has been raised as to the relationship between religious studies and other disciplines. Is the psychology of religion a part of psychology or a part of religious studies? Segal answers, “religious studies does not require either a distinctive method or a distinctive explanation to be worthy of disciplinary status. ... Religious

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<sup>2</sup> But it is classified as a singular noun.

studies is a subject matter, open to as many approaches as are prepared to study it” (Segal 2006, xvii). In that sense, religious studies seems to have a complementary relationship with other disciplines. Frank Whaling also insists that they all offer complementary methods and approaches toward the study of religion (1995 [1984/85], 33-35).

### ***Economic Approach to Religion***

Within the economic approach to religion there are found a number of very similar terms, such as economics as religion, economics of religion, economics in religion, and religious economy (Obadia and Wood 2011). Although these are used separately in different fields, many people tend to confuse them.

Economics as religion refers to the phenomenon in modern society whereby economics plays the role of a secular religion. In this new context, Nelson (2001) argues, economists resemble priesthoods and economic books are similar to sacred texts. In that sense, this term refers to the religious approach to economics. The theologian Harvey Cox (1999) also observes this phenomenon, calling it “the Market as God”. In contrast, economics of religion, a term coined by Iannaccone, refers to the economic approach to religion. Economists and some sociologists favour this term, hoping to establish it as an independent discipline. They tend to quantify religious phenomena based on quantitative and mathematically based social-survey methodology. Finally, economics in religion or religious economy refers to a commercial or business transaction within a religion or among religions.

The term economic approach to religion is similar to that of economics of religion. However, the former is much broader than the latter. As Iannaccone argues, studies of religion and economics can be segregated into three major lines: analysis of religious behaviour 1) at the individual level, 2) at the religious institution or group level, and 3) at the aggregate or societal level (1998, 1466). Among these, economics of religion tends to focus mainly on the religious institution or group level, based on the quantitative approach.

Recently, not only anthropologists of religion (Obadia and Wood 2011) but also Christian theologians (Harper and Gregg 2008) have been using the economic approach. For this reason, the terms economics of religion and economic approach to religion cannot be used interchangeably. In this research, I will use the broader term: the economic approach to religion.<sup>3</sup>

### ***Basic Terms of the Economic Approach to Religion***

In this research, there are many terms specific to the economic approach to religion. The following definitions are the basic terms that I will adopt from economists of religion for theoretical discussions.

- Rewards are anything humans will incur costs to obtain (Stark and Bainbridge 1987, 27).
- Costs are whatever humans attempt to avoid (Ibid. 27).
- Compensators are postulations of reward according to explanations that are not readily susceptible to unambiguous evaluation (Ibid.36).
- Religion refers to systems of general compensators based on supernatural assumptions (Ibid. 39).
- Religious organizations are social enterprises whose primary purpose is to create, maintain, and exchange supernaturally-based general compensators (Ibid.42).
- A schism is the division of the social structure of an organization into two or more independent parts (Ibid.1218).
- Anomie is the state of being without effective rules for living (Ibid.217).
- Affect is the intense expression of evaluations (Ibid.264).
- Secular refers to any parts of society and culture that are substantially free of supernatural assumptions (Ibid.289).
- Secularization is the progressive loss of power by religious organizations (Ibid.293).

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<sup>3</sup> For the same reason, Larry Witham also (2010) prefers to use this term.

- Conversion refers to shifts across religious traditions (Stark and Finke 2000, 114).
- Reaffiliation refers to shifts within religious traditions (Ibid. 114).
- Religious capital consists of the degree of mastery of and attachment to a particular religious culture (Ibid.120).
- Tension refers to the degree of distinctiveness, separation, and antagonism in the relationship between a religious group and the “outside” world (Ibid.143).
- Pluralistic refers to the number of firms active in the economy (Ibid.198).

Based on above terms and concepts, I will develop the theories and define my own terms.

### **Structure of the Study**

This research will comprise three parts: 1) the theoretical background, 2) the theoretical extension, and 3) the application of the theory. In the first part, I will introduce the theoretical background of the economic approach to religion. In Chapter 2, I will give a brief history of religious studies, from the traditional views to the recent economic approach to religion. I will introduce how the economic approach to religion has appeared as a new paradigm in religious studies and developed so far. In Chapter 3, I will introduce the two key concepts of the economic approach to religion, the rational choice theory and the religious market model. Then, I will review some critical issues of the economic approach to religion in terms of critique and counter-argument. Furthermore, I will focus on the religious market model and criticize its limitations. In doing so, I will show why the previous religious market model needs to be updated.

The next part is a theoretical extension of the religious market model. In Chapter 4, I will suggest two typologies, regarding the religious market system and the religious market, in order to make up for the weak points of the previous religious market model. In Chapter 5, I will suggest another typology regarding the religious market structure in order to describe more diverse contexts of the religious market. Based on these typologies,



I will discuss how social and religious factors affect the religious market structure and how religious markets can vary according to different religious market situations.

In the application part, I will apply the new typologies of religious market model to the religious market context of South Korea between 1945 and 1987. Especially, I will focus on the religious economic system in chapter 6 and the religious markets in chapter 7. In these chapters, I will show how new typologies of religious market model can be applied in actual religious contexts. Furthermore, I will demonstrate that the religious market is not a single market, but a complex market composed of several sub-markets.

### **Scope and Limitations**

The economic approach to religion is engaged in various disciplines, such as economics, religious studies, and sociology. Hence, I hope that this research will affect the areas of religious studies, economics of religion, and religious history. Nevertheless, I will not deal with all of those areas. This research will have some limitations in both the theoretical and application parts, as outlined below.

### ***Theoretical Part***

First of all, the theoretical part of this research will focus on the economic approach to religion, which has been developed by economists of religion. Studies of economics in religion can be divided into three lines of inquiry: “1) studies of the economic consequences of religion, 2) studies of religious behaviour from an economic perspective, and 3) studies of economic theory and practice from the perspective of religion” (Iannaccone 1998, 1466). The first line pertains to research of the relationship between religion and commercial economy. The second line has been researched mainly by sociologists, economists, and religious scholars applying microeconomic theory and techniques to explain patterns of religious behaviour among individuals, groups, and cultures. The third line has been studied mainly by philosophers, theologians, and

economists trying to evaluate or criticize economic policies from theological principles and sacred writings. In order to distinguish this strand from others, it has also been called religious economics. This research will focus on the second perspective: studies of religious behaviour from an economic perspective.

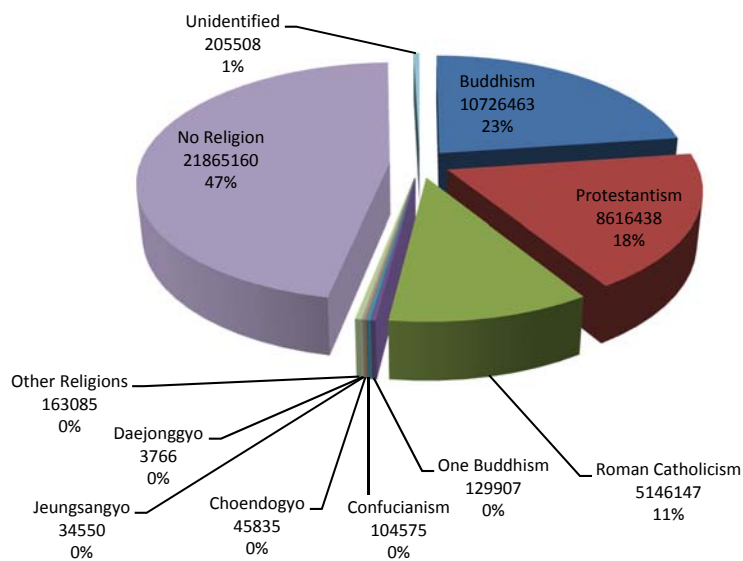
Second, I will focus mainly on the religious market model. The primary task of the theoretical part is to suggest an updated religious market model. Therefore, I will not deal in detail with other theories, such as rational choice theory or reward and compensation.

Third, I will not deal with normative aspects regarding the theory. My primary concern in this research is not judgment but observation. The economic approach to religion has been developed by scientific observations and empirical studies. Therefore, ethical interpretation or theological evaluation is beyond the scope of this research.

### ***Application Part***

The application part is limited to cases of the Korean religious market only. There are two reasons to choose cases from Korea. First, as Buswell indicates, modern South Korea is one of the most dynamic countries in the world today, with diverse and complicated religious contexts (2006, 1-2). The new typologies in this research are designed for the description of religious complexity. According to the Korean Statistical Information Service (KOSIS), in 2005 almost 52 per cent of South Koreans professed religious affiliation.

**FIGURE 1**  
**SOUTH KOREA RELIGIOSITY IN 2005**  
(Korean Statistical Information Service 2005)



Although Buddhism and Christianity occupy the largest portion of the current religious market share, many other religious affiliations, such as Confucianism, shamanism, and national religions, also make up a significant part of a diverse picture. Indeed, it is not an overstatement to say that modern South Korea has become a pavilion of religion. This religious plurality is an ideal context for the application of religious market theories. The second reason is the speed of Korean religious context changes. In the case of European countries, the religious economic system and its market structure have changed gradually over many centuries. However, the Korean religious context has changed rapidly. Within the 20<sup>th</sup> century alone, for instance, Korea has experienced almost all types of religious economic systems and religious market structures. The rapidity of the religious changes makes it easier to analyse the process of religious market changes. For these reasons, I chose cases of the Korean religious market in the application part.

In relation to methodology, the application part has three more limitations. First, I will analyse religion or religious phenomena at the collective level only, because this research focuses mainly on religious changes among the religious organizations. Therefore, I will not deal with how psychological aspects of individuals may affect religious market changes; nor will I consider anthropological or cultural aspects.

Second, as previously stated, this study adopts a religious sociological method. As an objectivity-oriented study, the research will strive to be value-free and value-neutral. Therefore, I will not deal with transcendent phenomena that we cannot prove, but only with those social and religious phenomena that we can verify through empirical data or historical fact.

Third, there are some limitations in the analyses of religious markets. The primary task of the application part is to test the typologies, not to describe religious history. Therefore, I do not need to deal with all the historical cases. For the case of the extra-religious market, I will deal only with the most controversial issues to affect religious contexts in each period. It would not be possible to analyse all the very many functional equivalents of religion. Unlike the cases of other religious markets, furthermore, it would be too ambitious to measure the empirical data of extra-religious market structures in this research, because of a lack of statistical information and research data. Therefore, I will save the quantitative analysis on the Korean extra-religious market for a future study. Instead, I will focus on the application of the extra-religious market concept itself. Moreover, with regard to the intra-religious market I will focus mainly on the Protestant denominations and the Presbyterian Church of South Korea. Although I will mention the concept of local religious market in the theoretical part, I will not deal with it in the application part in detail because this research will focus more on the classification of the religious market per se according to the type of religious products under competition. To reiterate, the primary purpose of the application part is not to describe all the religious contexts but to show the application of the proposed typologies. Therefore, analyses of other intra-religious markets, such as Buddhist or Chondogyo intra-religious market, will also be reserved for a future study.

**PART I**  
**THE THEORETICAL BACKGROUND OF THE**  
**ECONOMIC APPROACH TO RELIGION**

The aim of Part I is to provide an overview of the theoretical background of the economic approach to religion. For this task, we need to start from the following basic questions: what it is, why it has appeared, and how it has been developed so far. In Chapter 2, therefore, I will sketch out how the approach to religion has developed, from the traditional views to the recent economic approach. Then, in Chapter 3, I will introduce the key concepts of this approach. I will also discuss critiques and limitations of previous studies. In this overview, we will see how the economic approach to religion has been developed so far, and why the previous models need to be updated.

## **CHAPTER 2**

### **THE EMERGENCE OF A NEW PARADIGM IN RELIGIOUS STUDIES**

In scientific studies, theories are created by the repeated processes of observation and testing. In particular, they tend to develop from preliminary observations or researches on a particular issue. Without understanding those preliminary researches, therefore, it is hard to grasp the details of the current theories. The economic approach to religion is no exception. Although this approach has been developed by sociologists and economists since the 1960s, its concept and method are in debt to the previous achievements of modern religious studies. In this chapter, therefore, I shall begin by looking at the previous approaches to religion in terms of the old paradigm. Then, I will examine how the paradigm shift happened and how the economic approach to religion has been developed so far, as a new paradigm in religious studies.

#### **Previous Approaches to Religion**

In terms of methodology, the economic approach to religion has been developed from the humanistic and scientific approaches of modern<sup>4</sup> religious studies. In fact, the study of religion has a long history. It may be traced back to ancient philosophers, such as Hecataeus of Miletus [550-476 BC], Herodotus [484-425 BC], or Aristotle [384-322 BC]. However, modern religious studies, meaning the multi-disciplinary and secular study of religion, has been formed only since the 16<sup>th</sup> century. Prior to this period, Christianity had long enjoyed a monopoly position; the world, at least in Europe, was interpreted from a Christian perspective. Hilaire Belloc [1870-1953] famously described this situation as follows: “The faith is Europe, and Europe is the faith” (1920, 191). In this context, the study of religion meant a study of Christianity. Its primary concern was

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<sup>4</sup> In general, “modern period” refers to the “post-traditional” or “post-medieval historical” period (Barker 2005, 444). This era began in the 16<sup>th</sup> century, and developed through the Age of Enlightenment in the 17<sup>th</sup> century and the Industrial Revolution in the 18<sup>th</sup> century. In this research, I will regard the modern period as the age of reason after the Renaissance.

“a systematic account of God and of God’s relations with the world” within particular religious traditions (Markham 2006, 193). However, the traditional belief system of Western Europe was shaken by religious wars between Protestants and Catholics in the 16<sup>th</sup> and 17<sup>th</sup> centuries, and by the Enlightenment movement in the 18<sup>th</sup> century. Furthermore, contact with the Oriental religions, such as Islam, Hinduism, and Buddhism, awakened an interest in other religious traditions. In the academic field, secular scholars attempted to study religion in terms of “human sciences” (Polkinghorne 1983). In order to explain religious phenomena, they applied their own humanistic and scientific approaches to religion, such as sociological, psychological, anthropological, phenomenological, and comparative methods (Segal 2006). Ultimately, these attempts contributed greatly to the differentiation of modern religious studies from theology. In this section, I will examine how the modern religious studies has been formed in terms of the humanistic and scientific approaches, which directly influenced the emergence of the economic approach to religion.

### ***Humanistic Approach to Religion***

The most basic approach of modern religious studies is the humanistic view of religion. Feuerbach evaluated modern religious studies as follows: “The task of the modern era was the realization and humanization of God - the transformation and dissolution of theology into anthropology” (1986 [1843], 3). For a long time, the classic approach to religion had been a theological approach under the particular faith tradition. For instance, when some Islamic and Christian scholars, such as Muhammad al-Shahrastani [1086-1153] and Peter the Venerable [1092-1156], attempted to study other religious traditions, their primary concern was to help their own members understand what others believe in order to proselytize them. However, from the latter half of the 17<sup>th</sup> century, the so-called Age of Enlightenment, people began to be awakened to the power of reason. They broke through “the sacred circle” and explained the world in terms of

their own intelligence (Gay 1969). Moreover, they regarded human reason or experience as the only valid source of knowledge or legitimacy. Humanists were no longer dependent on the traditional interpretations of religion. Instead, they started to think of religion in terms of human values or concerns. Ironically, the interpreter of former times now became the interpreted. Due to this paradigm shift from God to man, modern religious studies started to part from theology.

### **Critical Interpretations of Religion**

The first trend in the humanistic approach to religion was a sceptical and defiant attitude towards traditional interpretations. Sceptical humanists saw religion as contrived for human need. In the 17<sup>th</sup> century, for instance, Thomas Hobbes [1588-1679] considered religion as one of the “creatures” of people’s own fancy (1956 [1651]). David Hume [1711-1776] interpreted religion from a secular standpoint. He thought that all knowledge comes from our senses and experience. Hence he did not admit insensible and supernatural things, such as the existence of God or miracles (Hume 1990 [1779]). For him, “the science of man is the only solid foundation for the other sciences” (1969 [1739-40]). His sceptical view influenced many other humanists in the Age of Enlightenment. They attempted to replace supernatural thinking with naturalistic thinking, since they regarded supernatural beliefs as unscientific and primitive. Ultimately, they concluded that religion is “the childhood of thought, a kind of organized fairy tale, humanity’s early attempt to conceive and explain the unknown and the fearful, awesome forces of nature, life, and death” (Paden 2003, 16).

This perspective influenced positivists in the 18<sup>th</sup> century and evolutionists in the 19<sup>th</sup> century. Auguste Comte [1798-1857], a father of positivism, did not leave any room for absolute truth of a religious belief system. He thought that science alone comes close to truth, and even developed a “religion of humanity” for positivist societies (Comte 1853). Influenced by the evolutionism of Charles Darwin, many anthropologists, among



them Edward B. Tylor and James G. Frazer, insisted that religion is the result of primitive thoughts or the workings of an archaic mentality.

Ludwig Feuerbach [1804-1872] developed this humanistic view more critically. He understood religion as an objectification of human feeling. In *The Essence of Christianity* (2008 [1841]), he maintained that religion is “a projection of humanity”. For him, religion is a mirror of our true nature just like a dream, and “the essence of Christianity” is the very essence of humanity. Therefore, he believed that people might get rid of religion once they have woken up from the dream. This humanistic thinking was inherited by Karl Marx [1818-1883], even if he had criticized Feuerbach for the inconsistent espousal of materialism. Marx saw religion as the product of socio-economic alienation. For him, religion is just a refuge from a world of troubles or a compensation for our trials on earth. According to his well-known aphorism, religion is “the sigh of the oppressed creature, the heart of a heartless world, just as it is the spirit of a spiritless situation. It is the opium of the people” (Marx 1977 [1843], 131). In a word, he saw religion as a kind of an illness that will one day be cured.

In fact, all the above critical discussions on religion were fundamentally related to the origin of religion. Critical scholars asked why religion occurs, but answered critically according to the humanistic view. Stark and Finke classify all their answers into two types: “first, that the gods are illusions generated by social processes; second, that the gods are illusions generated by psychological process” (2000, 2). In spite of this difference, all humanists, including rationalists and empiricists, concluded that religion originates not from God, but from humans. For them, religion is nothing but an invention to answer human need, which is fulfilled with disguised symbols of human power and feeling (Paden 2003, 18). Just as Hobbes and Marx expected, therefore, most humanists believed that religion would die away in the face of what was thought to be superior secular rationality.

## Responses to the Critical Interpretations

From early on, the above humanistic and atheistic approach was strongly criticized by both philosophers and theologians. For example, Félicité Robert de Lamennais [1782-1854], a French priest and philosopher, maintained that true certitude comes not from individual reason but from the universal consent of reason, which can be seen most clearly in the tradition of the Catholic Church (1822-23).

Scholars in other disciplines also responded to the critical interpretations on religion. Immanuel Kant [1724-1804] was one of the first to respond to the Enlightenment and criticize the limitations of empiricism and rationalism. According to him, people cannot transcend the bounds of their own mind, know the existence of God, and access the “*Ding an sich*” [thing-in-itself], because of the limitations of reason and experience (Kant 1993 [1781]). For this reason, he criticized the traditional metaphysics of rationalists and the ontological proof of God’s existence. He considered it a mistake to place transcendent ideas under the category of cognition. In order to make room for faith, Kant did not deny the existence of God itself. As he confessed in *Critique of Pure Reason* (1993 [1781]), it was human knowledge that he doubted. For him, religion belongs to the area of practical reason, not pure reason. It was in morality that he found the possibility of religion within the limits of reason (Kant 1960 [1793]). That is the reason why, in his *Critique of Practical Reason* (Kant 1997 [1788]), he mentioned the practical necessity for a belief in God through the concept of “moral faith”. Due to his critiques, religion could have been relieved from the attacks of humanists or the science of the 18<sup>th</sup> century. However, Kant’s solution produced another problem, restricting religion to the realm of morality only. For this reason, his moral philosophy was criticized by both religious scholars and rationalists.

George Wilhelm Friedrich Hegel [1770-1831], one of the creators of German Idealism, also contributed greatly to making a space for religion away from the attacks of the Enlightenment through a comprehensive philosophical framework. He started his thoughts on religion from the moral position of Kant. However, he did not agree with

Kant's negative assumption regarding cognition of God (Hegel 1988 [1827]). Furthermore, he rejected Kant's dualistic perspective, with its abstract distinction between the world and the transcendent. According to Hegel, not only can God be "recognized" in world history, but also God cannot exist apart from the world. Hegel thought that true religion corresponds with true philosophy because "the absolute content" must be the same. He found this unity in the Trinity of Christianity. As Andrew Seth explained so clearly:

God is recognized, Hegel says, "not as a Spirit beyond the stars, but as Spirit in all spirits;" and so the course of human history is frankly identified with the course of divine self-revelation. The culmination of this religious development is reached in Christianity, and Christianity reveals nothing more than that God is essentially this revelation of Himself. In this connection it is that a new significance is given to the doctrine of the Trinity, which thereby becomes fundamental for the Hegelian Philosophy of Religion. This attitude towards the course of history, and towards Christianity in particular, is the only one which is permissible to an Absolute philosophy (2002 [1882], 126-127).

Hegel attempted to defend Christianity from the criticisms of Enlightenment rationalists through philosophizing it. For this reason, his conservative followers used to describe Hegelianism as a philosophy that reflected Christian orthodoxy. In contrast, the left wing preferred to see it as a humanistic doctrine on the historical emancipation of humankind, because of Hegel's humanistic approach to religion. Viewed from any angle, however, it is clear that Hegel contributed to "the transition from philosophical theology to philosophy of religion in the narrower sense of philosophizing about religion" (Westphal 2010, 133). From the time of this transition, the focus of interpretation of religion began to shift from philosophizing about God to philosophizing about religion.

The strongest objection to the critical interpretations of religion arose from Romanticism. In the 19<sup>th</sup> century, immediately after the Age of Enlightenment, excessive admiration of reason was strongly criticized by Romantic scholars such as Rousseau, Herder, and Goethe. They regarded emotion, rather than reason, as an authentic source of aesthetic experience. Isaiah Berlin (2000) described this trend as the "Counter-

Enlightenment”,<sup>5</sup> a movement that arose out of German Romanticism between the 18<sup>th</sup> and 19<sup>th</sup> centuries in opposition to the Enlightenment. This philosophy influenced arts, literature, education, and even theology.

Under the influence of the Romantic approach, some post-Enlightenment theologians also criticized the rationalistic and critical Enlightenment view of religion. For example, Friedrich Schleiermacher [1768-1834] and Albrecht Ritschl [1822-1889] regarded human feeling or sensibility about the spiritual world, not reason, as the root of religion. Schleiermacher, a father of modern Protestant thought, denied that religion is a form of knowledge or that it can be based on metaphysics or science. He accepted many of Kant’s critiques on the critical interpretations of religion in the Age of Enlightenment and on traditional proofs for the existence of God. Unlike Kant, however, he thought that religion can be experienced personally, because it lies deep in one’s heart. He concluded that religion is the relationship with the infinite, and that dogmas are the reflection of that relationship (Schleiermacher 1893 [1799]). Later, he called it “the feeling of absolute dependence” (Schleiermacher 1999 [1830], 16). Rudolf Otto [1869-1937], not just a theologian but also one of the pathfinders in modern religious studies, carried on the Romantic tradition, seeming to combine Kant with Schleiermacher. Just as Kant had insisted, he thought that people could not recognize the infinite through the five senses. However, it could be possible not by the feeling of absolute dependence but by a new sense of the holy, characterized by a feeling of awe, fascination, and mystery. He called this “numinous experience” (Otto 1923).<sup>6</sup>

All the above Romantic approaches to religion contributed greatly to the formation not only of modern religious studies, but also of liberal theology in Christianity. Liberal theologians do not claim that the Bible is without error, nor do they claim to discover from it truth propositions or Church dogma. Instead, they give more

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<sup>5</sup> Originally, Nietzsche had explained it in German with his term *Gegenaufklärung*.

<sup>6</sup> In fact, Otto’s concept is very similar to the concept of John Calvin: the “*Sensus Divinitatis* (Sense of Divinity)” (Calvin 1960 [1559]).

consideration to non-biblical factors, such as the human authors' beliefs or feelings about God at the time of their writing, historical context, and cultural aspects. In the 20<sup>th</sup> century, however, liberal theology was counterattacked by neo-orthodox theologians, such as Karl Barth [1886-1968] and Emil Brunner [1889-1966]. They denied the critical and rationalistic interpretations of Christianity, and attempted to turn back to the pre-Enlightenment era. Of course, Barth seemed to endorse the criticisms made by Feuerbach and Marx because he too regarded religion as human fabrication. Unlike sceptical scholars, however, he regarded "the revelation of God", not reason or feeling, as the source of religious doctrine. He considered religion as an obstacle, "which must be eliminated if God is to be discerned in Christ" (McGrath 2007 [1993], 433). For him, religion is like a Tower of Babel, constructed in defiance of God. Humanity's search for God has led to religion, whereas God's self-revelation to humanity has led to faith. This view of religion was encapsulated in his phrase "the Revelation of God as the Abolition of Religion" (Barth 1961 [1957], I.2, 280).

The debates between sceptical scholars and religious defenders could never have reached a conclusion. Nevertheless, the humanistic approach had strongly influenced both sides. While the former attempted to replace the supernatural in religion with the natural in human society, the latter also tried to establish the place of religion through humanistic explanations using morality, feeling, or other human experiences.

### ***Scientific Approach to Religion***

The debates on religion entered on a new phase because of "the revival of interest in the world of classical mythology and the great voyages of exploration" (Shappe 1986 [1975], 13). Since the 15<sup>th</sup> century, explorers and missionaries, such as Matteo Ricci [1552-1610] or Jean Chardin [1643-1713], had introduced various religious beliefs and cultures of the world of "paganism" to Europe. Naturally, scholars took a great interest in collecting and comparing them. In the 17<sup>th</sup> and 18<sup>th</sup> centuries, the publication of scholarly

works dealing with new religions of the non-Western world increased rapidly. Some sacred books, such as Bhagavad Gita, the Laws of Manu, or the Upanishads, were translated into European languages. Because of this rush of information about foreign religions, Western people started to rediscover religion as not only a universal phenomenon but also an important part of the human experience. Scholars began to agree that religion was still worthy of study as an important field of academic enquiry. In this context, finally, theology and religious studies diverged completely in the 19<sup>th</sup> century.

From the beginning, religious studies has taken multi-disciplinary approaches to religion. Walter Capps states that: “Religious studies has no single subject, nor does it sanction any one method of approach. Rather, the subject is multiple, and the methods of approach are numerous” (1995, 331). For the same reason, Smart argues that religious studies takes a “polymethodic approach” to methodology, because several different disciplines are integrated (1973, 9). Nevertheless, in religious studies there has been one common approach, the scientific approach to religion. At one time, religious studies had an uncomfortable relationship with science, just as there had been a tension between theology and religious studies (Shappe 1986 [1975], 27-32). Science seemed capable of explaining all things. Elliot-Binns recalled those days as follows: “Science seemed to be sweeping all before it ... As for God and religion, there would no longer be any need for them” (1936, 165). Nevertheless, there seemed still to be many problems to be explained. It was Max Müller (1882) who proposed the new alliance between religion and science. He attempted to use “science” in the name of religious studies and popularized the term “the science of religion”. In religious studies, the scientific method means a detached, neutral, and objective approach to religion. While theologians have attempted to investigate subjective faith from the insider’s perspective, modern religious scholars have tried to pursue the objective knowledge of human religious behaviours from an outsider’s perspective and to measure different religions with a common scale. In religious studies, the scientific method seemed to be an equitable method to maintain neutrality and

objectivity. Based on this scientific approach, scholars have developed and borrowed various methods from other disciplines, such as philosophy, sociology, anthropology and psychology. In religious studies, these methods are often classified as either reductionist or descriptive, according to the way they see religion.<sup>7</sup>

### **Reductionist Perspectives**

Since the 19<sup>th</sup> century, religion or religious phenomena have been among the favourite subjects of scholars in various academic fields. Many of these scholars have adopted a reductionist approach. In general, this term refers to the modern scientific method to render data or explain a complex phenomenon in terms of simpler components or theories of a chosen perspective. Originally, this approach was closely related to the “decompositional pathways” of “the Cartesian temperament”, i.e., “the attempt to reduce complex entities to unambiguous simples” (Capps 1995, 2-6). This tradition has been inherited by modern social scientists, who often explain complex human behaviours or social phenomena in terms of simpler theory or a specific disciplinary angle. Similarly, some scholars investigate religion with a scientific method, attempting to explain religion in terms of their own specific perspective. The best examples of this are the psychological, sociological and anthropological approaches to religion.

### ***Psychology of Religion***

Psychologists tend to reduce religion to psychological terms. They understand religion as a psychological process of individual religious experience. In the academic field, the psychological study of religion emerged in the late 19<sup>th</sup> century under the influence of liberal Protestant theology and empirical psychology (Wulff 1995, 254-255). Naturally, the early psychology of religion was often performed by psychologists who

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<sup>7</sup> Of course, not every approach in religious studies can be clearly classified in this way. Some approaches combine the two methods. In anthropology, for example, there are both reductionist and descriptive approaches. Nevertheless, I divide the scientific approach into reductionist and descriptive types according to the notable methodological technique.

had a religious background. William James [1842-1910], a founder of the psychological study of religion, was sympathetic to the religious life. He insisted that religious experience should be the primary topic of religious studies and sought by psychologists (1916). He distinguished between reality and symbols of reality. For him, science, composed of symbols of reality, is detached from reality. Hence, he criticized the scientific tendency to ignore the unseen aspects of life, such as religious experience.

Unlike William James, Sigmund Freud [1856-1939] and Carl Jung [1875-1961] took a sceptical perspective. For example, Freud (1907) explained religion in terms of a psychological condition in which an individual's mind is invaded by images or ideas, so to speak "universal obsessional neurosis". For him, religion is nothing but a product of the human mind, such as an illusion, from which man should be set free when he is mature (Freud 1989 [1928]). His pupil, Alfred Adler [1870-1937] a founder of Individual Psychology, had a different and more positive view of religion, which he approached in terms of people's desire to compensate for their inferiority and imperfection. From this perspective he explained why, in many religions, God is portrayed as omnipotent, and people are required to be perfect like Him or Her. Adler thought that religion is more efficient than science because it motivates people more effectively.

In the early stage of psychology of religion, psychologists had mainly focused on the origin of religion in terms of individual religious experience. Later, they extended their interests into more diverse subjects, such as religion and ritual, and religion and health. Furthermore, they developed a wider variety of approaches, such as psychometric, developmental, evolutionary, and psychotherapy approaches to religion.

### ***Anthropology of Religion***

Anthropology had a great influence on the early religious studies of the 19<sup>th</sup> century. While the theological approach focuses on God or gods, the anthropological approach focuses on people. Anthropologists explain religion in terms of a cultural



process of religious experience. They tend to understand religious phenomena as a realm of symbolism in human culture. Under this concept, they have dealt with religious symbols, worldviews, beliefs, myths, legends, and cosmology.

The early anthropologists of religion in the 19<sup>th</sup> century approached religion in terms of evolution theory. Representative scholars are Lewis Henry Morgan [1818-1881] for social evolutionism, Edward B. Tylor [1832-1917] for cultural evolutionism, James George Frazer [1854-1941], and Robert Ranulph Marett [1866-1943]. These classical evolutionists saw religion as having evolved from primitive to advanced religion. In order to pursue the origin of religions, they developed survivals theory. According to this theory, even though primitive religions have lost their original purpose and meaning, certain aspects of them still survive in culture. For example, rituals of primitive religion become a calendar custom, and a burial custom of primitive society survives in a children's game. Evolutionistic anthropologists traced back to the origin of religion through studying primitive cultures today, such as Australian Aborigines or American Indians.

However, this classical evolution theory was strongly criticized by other anthropologists. Franz Boas [1858-1942], called the father of modern anthropology, objected to the orthogenetic idea of the theory of social evolution developed by Edward B. Tylor and Lewis Henry Morgan. He could not accept that all societies progress through the same stages in the same sequence. Instead, he took a perspective of cultural relativism and historical particularism. He thought that every culture has its own historical and particular context; therefore, no culture can be compared with another. For him, the Inuit are not at an earlier stage than Germans. Evolution theory was also criticized by scholars of diffusion theory, which was influenced by Franz Boas. These scholars insisted that culture is not evolved but rather diffused. After World War II, however, neo-evolutionists struck right back to cultural relativism and historical particularism.

While debating between evolution and diffusion of religion, anthropologists developed other approaches. Bronislaw Malinowski [1884-1942] and Alfred Radcliffe-

Brown [1881-1955] developed structural functionalism, attempting to understand religion in terms of its function in the social structure. Ruth Benedict [1877-1948] adopted a psychological approach.

### ***Sociology of Religion***

Sociologists too have carried out research in the study of religion. In the preface of his book *The Rules of Sociological Method*, Durkheim clarified the goal of the sociological method as “to extend the scope of scientific rationalism to cover human behaviour” (Durkheim 1982 [1895], 33). Sociology was originally developed from positivism in the mid-19<sup>th</sup> century. French philosophers, such as Henri, Comte, and de Saint-Simon, regarded science as the only source of valid knowledge (Abbagnano 2006, 710). Based on this conviction, positivists extended their academic interest into various areas, such as ethics, politics, and even religion.<sup>8</sup> In the late 19<sup>th</sup> century, some French and German scholars, such as Emile Durkheim [1858-1917], Max Weber [1864-1920], and Georg Simmel [1858-1918], started to apply the positivistic view to the analysis of social phenomena and, finally, established sociology as a new discipline.

From the beginning, sociologists had a great interest in the study of religion, because many aspects of human behaviour are greatly influenced by religion. They thought that the primary task of sociology was to dispose of immature and mythical worldviews and replace them with scientific accounts. Some scholars attempted to distinguish sociological study of religion from what they called religious sociology. Briefly, the subject of the former is religion, but the methodology is sociology (Yinger 1961, 135). However, religious sociology is often regarded as a different discipline (Wach 1944). Developed mainly by religious scholars of Roman Catholic or Protestant Churches

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<sup>8</sup> According to Nicola Abbagnano (2006), there are three types of positivism: 1) Social, 2) Evolutionary, and 3) Critical positivism. In brief, social positivism, advocated by Comte and Mill, deduces its theories from society and history, but evolutionary positivism, advocated by Herbert Spencer, deduces them from physics and biology. Critical positivism encompasses diverse types of modern positivism, such as logical positivism and neopositivism.

after World War II (Dobbelaere 2000), one radical cases of religious sociology is parish sociology funded by the Roman Catholic Church. While sociology of religion places great importance on objectivity and a value-free position, religious sociology is closely related to “ecclesiastical or theological concerns” (Hill 1985, 99).

In general, sociologists see religious phenomena as social phenomena. Based on this position, they have taken the following scientific attitudes: 1) empirical, 2) objective, 3) verifiable, and 4) “value-free” positions (Weber 1949, 50-112). To maintain these stances, more radically, sociologists often take an approach of methodological materialism or atheism. Otto Maduro summarizes all these sociological approaches as follows:

Briefly and simply, to do sociology of religion is to look at and study all religions (equally) as social phenomena. That is, the sociology of religions is the study of religions as phenomena that are socially produced, socially situated and limited, socially orientated and structured, and have an influence upon the society in which they find themselves. And therefore in order to do sociology of religions it is necessary to render oneself capable (however provisionally and factitiously [factiously] – that is, purely methodologically) of putting one’s own religious beliefs and preferences in parentheses, in suspension (1982 [1979], 19).

### **Descriptive Perspectives**

While the social scientific method was very influential in religious studies, other scholars attempted to take an anti-reductive approach. Whereas the former group tried to see religion as a part in terms of the reductive methodological technique, the latter group attempted to approach religion as a whole through the descriptive approach. The primary task of this approach was not to find out the definitive core elements of religion, but to describe religion as it is through the systematic collection of data, empirical evidence, or direct observations. Naturally, it emphasizes the historical and descriptive accuracy of religion. The best example is a phenomenological approach to religion.

### ***Phenomenology of Religion***

The phenomenology of religion is often defined as the study of manifestations of religious phenomena. In philosophy, even though there are various understandings of the term, phenomenology refers to “a purely descriptive and non-empirical science of observable phenomena” (Schmitt 2006 [1967], 279). The term was first coined by Johann Heinrich Lambert [1728-1777], while Kant and Hegel also contributed greatly to the formation of phenomenological ideas. Nevertheless, it was Edmund Husserl [1859-1938] who founded the 20th century philosophical school of phenomenology and influenced directly the study of religion. In religious studies, Pierre Daniël Chantepie de la Saussaye [1848-1920] was the first scholar to use the term phenomenology of religion. Subsequently, many scholars have applied the phenomenological approach to the study of religion, for example Nathan Söderblom [1866-1931], Rudolf Otto [1869-1937], Gerardus van der Leeuw [1890-1950], Joachim Wach [1889-1955], Mircea Eliade [1907-1986], and Ninian Smart [1927-2001]. Although phenomenology of religion shares terminology, method, and conviction with philosophical phenomenology, their intentions are very different (Capps 1995, 110). The philosophical phenomenology focuses on the structure of the phenomena. The phenomenology of religion, by contrast, concentrates on the perceptible, visible, and manifest features of religion through descriptive analysis.

Unlike previous approaches, the phenomenological approach focuses on the outward forms of religion rather than its origin or essence, because the primary concern is to describe accurately and appropriately aspects of religious phenomena. For this reason, the phenomenological approach seems to be closely linked to other descriptive approaches, such as the historical and comparative. For example, although Cornelius Petrus Tiele (1877) studied the history of religion, he is often classified as a phenomenologist “because of his conviction that all concerns about essences and origins must be suspended until after careful and painstaking phenomenological analysis has been conducted” (Capps 1995, 120). Widengren (1945), one of the most powerful advocates of the historical approach, also insists that no phenomenologist can claim to

abandon historical method in the study of religion. In the same vein, W. Brede Kristensen explains phenomenology of religion as follows:

Phenomenology of religion is the systematic treatment of the history of religion. That is to say, its task is to classify and group the numerous and widely divergent data in such a way that an overall view can be obtained of their religious content and the religious values they contain. .... Instead of "Phenomenology of Religion," we could use the older and more familiar name, "Comparative Religion," if usage had not given to the latter term a meaning which is scarcely suitable for the scientific pursuit of this discipline (1960, 1).

In spite of the similarities, the phenomenological approach to religion is distinguished from historical and comparative approaches in that it performs both descriptive and synthetic tasks. Unlike historians, phenomenologists do not try to find universal laws, causes, or explanations for religious phenomena, but to explain the essence of religious experience and manifestations.

The phenomenological approach soon became one of the most influential approaches in religious studies of the 20<sup>th</sup> century. It was advocated by scholars who wanted to adopt it as a distinctive method of religious studies, because in the early stages, having borrowed its theories and methods from social science or anthropology, religious studies faced the problem of distinguishing itself from other disciplines. In particular, these scholars objected to the Cartesian tradition of, so to speak, "deduction-and-enumeration expectations" (Capps 1995, 106). As Gill describes:

..... religion scholars are endowed with some special sensitivity that permits them to use scientific theories to the end of studying religion non-reductively, that is, studying religious data as religious in contrast to some reductive interest such as that of social scientists (1994, 968).

These scholars do not agree with positivists' reductionist perspective whereby religion can be reduced to simple theories or elements; rather, they regard it as a composite reality made up of numerous components, and try to see it in terms of wholeness and reality. They often insist that religion should be studied as "religion" (Leeuw 1963 [1933]).

However, the phenomenological approach has its own limitations. One of the most controversial questions is whether it is possible to describe all aspects of religion

with limited human conditions. Historians raise the issue of methodological contradiction. In spite of the phenomenologists' emphasis on historicity, they often treat religious phenomena as isolated from history, because they tend to look at "religious events as though they were a set of slides rather than a living video rooted in an historical context" (Moreau 2001, 918). Contrary to their original intention, this attitude often causes the incomplete description of religion. Ironically, if phenomenology claims to be purely descriptive, it comes to a conclusion that its methodology is imperfect (Ekeke and Ekeopara 2010, 273). The lack of neutrality is also a problem for phenomenology in itself (Partridge 2000, 44). Phenomenologists regard objectivity and intuition as the basic attitudes to transcendental phenomena. However, they are often criticized as contradictory, because of the reliability of the data acquired by individual observers' intuition. Pure neutrality cannot be compatible with pure description, because all descriptions of religion are always filtered by particular contexts or worldviews. The criticism on reductive approaches has also been questioned. Whether reductionist or not, all disciplines have no choice but to take a reductionist method to some extent. When we take a specific method in order to break down reductionism, ironically it will produce another type of reductionism.

### **A Paradigm Shift in the Scientific Study of Religion**

All the previous approaches have contributed greatly to the development of modern religious studies. Nevertheless, there have been constant disputes among scholars regarding some knotty issues, such as the origin of religion, the existence of God, or the definition of religion. While holding these questions unsolved, scholars began to shift their interests from the origin of religion to its structures and characteristics (Partridge 2000, 42). They had no sooner focused on the structure of religion and society than they took notice of new social and religious situations, such as modernization and the decline

of religion in Western Europe. They explained these in their own traditional way, which Warner (1993) calls the old paradigm.

### *The Old Paradigm*

In spite of its ardent defence by some philosophers, the general trend of humanistic and scientific approaches to religion was sceptical, negative, and even “atheistic” (Glock and Hammond 1973). The predominant paradigm to which they had clung was to explain religion “as an epiphenomenon” (Finke and Stark 2003, 96). For instance, psychologists see religion as an epiphenomenon of psychological processes; sociologists see religion as an epiphenomenon of social processes. Stark and Finke describe the key issues of the old paradigm as follows:

First, it has been asserted that religion is false and harmful. ... The second key element of the old paradigm is that religion is doomed. ... A third basis of consensus among the founders of the social sciences was that religion is an epiphenomenon. ... Fourth, proponents of the old paradigm rarely examine religion as a social phenomenon, as a property of groups or collectives; instead, they treat it as fundamentally psychological. ... Finally, to the extent that the founders of the social sciences did take any interest in religion as part of a social system (rather than of the individual consciousness), their primary concern was to condemn the harmful effects of religious pluralism and to stress the superiority of monopoly faiths (2000, 28-31).

These negative perspectives on religion had influenced the secularization thesis that emerged in the 1950s and 1960s. In the social sciences, this refers to the decline in the social significance of religion as an inevitable result of modernization and rationalization (B. R. Wilson 1982, 149). Here, secularization does not mean the decline of an institution; rather, it means the decline of religious authority in the public domain (Martin 1969, 15). The key concept of this thesis is simple: “Modernization necessarily leads to a decline of religion” (Berger 1999, 2) where modernization refers to “the contrast and transition between a ‘traditional’ agrarian society and the kind of ‘modern’ society that is based on trade and industry” (Charlton and Andras 2003, 3). Scholars like to link modernization to processes such as urbanization, industrialization and rationalization. In

religion, modernization replaces religious norms with technical criteria as guides to conduct and diminish the social significance of religion (B. R. Wilson 1982). A pluralistic situation also challenges the plausibility of religion. Furthermore, the process of social differentiation hands over the role once played by religious organizations to other social organizations, such as school, state and court. This challenge to plausibility has made religion less public and more private; taking all this into account, the decline of religion is inevitable in the modern period.

In fact, the above idea had already been presented by Max Weber. He foresaw the decline of magic, the so-called “disenchantment of the world”, as a process of rationalization in a modern society (Weber 1965 [1922]). His concept had a tremendous impact on secularization theorists in the 1960s: Bryan Wilson (1966), Peter Berger (1967), Thomas Luckmann (1967), and David Martin (1969). Bryan Wilson (1966) argues that secularization is an epiphenomenon of societalization, a so-called structural differentiation of social systems. According to him, religion is possible in the *Gemeinschaft* [community] only when it is united by mechanical solidarity. This assumption leads to the conclusion that the decline of *Gemeinschaft* [community] is the decline of religion (B. R. Wilson 1982). Peter Berger (1967) focuses on the dialectical relationship between secularization and pluralism. Bruce Karlenzig summarizes it as follows:

Secularization generates pluralism by undermining the plausibility structure of monopolistic religious institutions and beliefs. Pluralism, on the other hand, relativizes the taken-for-granted or “objective” nature of religious meaning systems, thereby encouraging secularization (1998, 53).

Like Max Weber, Berger approaches secularization in terms of “disenchantment of the world” (1967, 113). His secularization framework is as follows: 1) modernity causes a plurality of worldviews; 2) plurality reduces religion to a private sphere; 3) finally, religion becomes a matter of choice (Berger 1979, 1-31).

As we see above, proponents of the old paradigm have had negative perspectives on religion. For them, the decline of religion in a modern society seems to be inevitable



because modernization, rationalization, and religious pluralism decrease religiousness.

As Bryan Wilson summarizes:

We have lost faith in the vision of a cumulative and progressive culture which cherished the products of the human spirit, elevated man's humanity, guarded the inheritance of past societies, and rejoiced in the widening prospect of the richer inheritance of posterity. ... The compromise inevitably leads to the loss of religious vitality, but that is part of the evolutionary process: religions are always dying. In the modern world it is not clear that they have any prospect of rebirth (1976, 115-116).

### *The New Paradigm*

In the late 20<sup>th</sup> century, proponents of the old paradigm were confronted with a somewhat unexpected situation, namely, religious resurgence in secularized societies. Contrary to their expectation, not only Islam but also evangelical Churches have grown remarkably all over the world, especially in the third world. They found that there was no reason to think the world of today was any less religious than before. Furthermore, since the 1980s, Christianity and other religions have been successful in transforming themselves as influential players on the public stage. Against the expectation of secularists, they have refused to be privatized and marginalized, and instead express their opinions on several social issues (Casanova 1994). The situation in Europe is no exception. Although religious attendance has decreased in the modern period, this is not the result of an abdication of religious belief. According to many researches in Europe, high demand for religion in spite of the decline of religious membership shows that there is still religious need, but not necessarily in traditional forms. Grace Davie (1994) describes this phenomenon as “believing without belonging”. Europeans, she argues, seem to be not less religious, but differently religious (Davie 1999, 65).

The combination of the phenomena described above has caused scholars to doubt the traditional secularization thesis. Like the secularization theorists, Ulrich Beck (2010 [2008]) also notes the privatization of religion, observing that religion has broken away from the class of elite or priest, and that now people can practice religion in their own

way. He describes this as a “God of One’s Own”. However, his deduction from this differs from that of the secularists. The individualized or privatized religion, he argues, can provoke religious revival, even without membership or commitment to the traditional religions. For this reason, he insists that it is a fallacy to link declining membership and lack of commitment to any form of decline in religion (Beck 2010 [2008], 88). Even David Martin, a noted secularist scholar, acknowledges that: “Privatization ought to mean the disappearance of the churches from debate, but precisely the opposite happened” (2005, 23). Eventually, Peter Berger withdrew his secularization thesis as follows:

My point is that the assumption that we live in a secularized world is false. The world today, with some exceptions to which I will come presently, is as furiously religious as it ever was, and in some places more so than ever. This means that a whole body of literature by historians and social scientists loosely labelled “secularization theory” is essentially mistaken (1999, 2).

In fact, Charles Y. Glock and Philip E. Hammond (1973) had already noticed this problem and stressed a necessity for a new paradigm for the scientific study of religion. However, it was not until the 1980s that a new paradigm emerged in religious studies.

The new paradigm, a term first coined by Warner (1993), has been developed mainly by sociologists and economists who have attempted to explain religion in terms of the economic approach.<sup>9</sup> Contrary to the old paradigm thinkers, proponents of the new paradigm see religion as “a reliable source of better mental and even physical health”, and dispute the old paradigm claim that religion is a “false, harmful, doomed, and psychological epiphenomenon” at the level of both individual and society (Stark and Finke 2000, 28-33). Based on this positive perspective on religion, they do not agree with the secularization thesis of the old paradigm, which religion will inevitably decline in a modern society. According to them, there is no consistent relationship between religious participation and modernization (Finke 1992); “science and religion are unrelated” (Stark

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<sup>9</sup> Nevertheless, the new paradigm is not identical with the economic approach to religion. Warner argues that “the new paradigm is not defined by economic imagery, however, but by the idea that disestablishment is the norm” (1993, 1053).

and Finke 2000, 33); therefore, the decline of religion has nothing to do with secularization or modernization. Warner presents schematic comparison of new and old paradigms as follows:

**TABLE 1**  
**SCHEMATIC COMPARISON OF NEW AND OLD**  
**PARADIGMS**  
(Warner 1993, 1052)

	New	Old
Paradigm situation	Competition	Monopoly
Best historical fit	Second Great Awakening	Medieval Catholicism
Place and time	United States, early 19 <sup>th</sup> century	Europe, 500-1500 C.E.
Master narrative	Revival and routinization	Linear secularization
Master process	Mobilization	Differentiation
Secularity threatens	Irksome demands	Implausible beliefs
Elite prototype	Entrepreneur	Prebendary
View of pluralism	Constitutive	Degenerative
Social base	Social groups	Whole society
Typical organization	Denomination, congregation	Universal church, parish
Function of religion	Solidarity morale	Explanation, meaning
Identity	Contested	Taken-for-granted
Recruitment	Emergent, achieved	Primordial, ascribed
Today's figures	Stark, Finke, Greeley	Berger, Lechner, Hunter
Classic texts	"Protestant Sects" and <i>Elementary Forms</i>	<i>Protestant Ethic and Division of Labor</i>

Then, how do new paradigm theorists explain the resurgence of religion in the 20<sup>th</sup> century? To do so, they have shifted their interest from the demand side to the supply side of religion, a shift that represents one of the most significant features of the new paradigm. The old paradigm focuses on the demand side of religion, assuming that religious demand, "almost regardless of what religious leaders and organizations attempt", will be gradually decreased by rationalization of the social system and privatization of religion in a modern society (Norris and Inglehart 2011, 7). The new paradigm, by contrast, emphasizes the supply side of religion, and assumes that there has always been a constant need for religion in a society. Here, the key point of religious change is the variation in the supply side of religion, because religious organizations and leaders have

to play an important role in aggressively maintaining congregations. While observing the supply side of religion, new paradigm theorists note that religious monopoly tends to decrease religious participation; religious plurality, by contrast, enhances religious vitality because of competition among religious organizations. For this reason, new paradigm thinkers regard the origin of the worldwide resurgence of religion as competition in the religious market context, which has been formed by disestablishment<sup>10</sup> and religious pluralism. Finke and Stark summarize this paradigm shift as follows:

Contrary to the old paradigm's confidence in the superiority of monopoly faiths supported by the state, the new paradigm argues that deregulating religion and increasing competition will spur religious activity. Finally, rather than attempting to explain how modernity causes an inevitable decline in the demand for religion, the new paradigm attempts to explain religious variation by looking at the supply of religion (Finke and Stark 2003, 100).

Due to the competition among religious organizations, this new paradigm, often called the new voluntarism, naturally focuses on the religious choice of individuals. People, as Aldridge describes, "can reject their old allegiances outright, convert to a new identity, or return assertively to the faith of their parents" (2007, 106). Religious affiliation is now chosen, rather than inherited. Finally, this paradigm shift has made it possible to understand not only religious resurgence but also other similar questions: "why religion is so important in the USA, why many religious groups prescribe seemingly irrational behaviour, why strict churches are stronger than laxist ones, etc" (Stolz 2008, 9).

### **Economic Approach to Religion for the New Paradigm**

As indicated, theories and explanations of the new paradigm have been developed mainly by sociologists and economists who have taken an economic approach to religion.<sup>11</sup> In the 1970s, some economists noticed a resemblance between economic

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<sup>10</sup> For the same reason, Warner also argued that: "Constitutive disestablishment is the crux of the new paradigm" (2002, 5).

<sup>11</sup> It is true that new paradigm thinkers often employ economic theories and methods. Nevertheless, the new paradigm is not defined solely by the economic approach to religion. Warner argues as follows: "The contrast that sets the new paradigm apart from the old is not therefore the use of economic

action and human behaviour (G. S. Becker 1976). They attempted to apply economic theories to various human activities, such as law, marriage, education, and even religion. This approach has since greatly influenced the economics of religion. In the same period, sociologists noticed the religious market context of the modern times (Finke and Stark 1988, 42). Of course, the old paradigm thinkers had also observed it (Berger 1967). However, there was a great difference between the two paradigms in terms of their analysis. The old paradigm saw the religious market context as the result of secularization and the cause of religious decline; in contrast, the new paradigm thought that it could promote religious vitality. Let us look briefly at the economic approach to religion, from the early attempts to recent discussions.

### ***The Beginning of the Economic Approach to Religion***

Iannaccone classified the studies of religion and economics into three major strands:

- 1) research that interprets religious behaviour from an economic perspective, applying microeconomic theory and techniques to explain patterns of religious behaviour among individuals, groups, and cultures
- 2) research of the economic consequences of religion, and
- 3) religious economics seeking to evaluate economic policies from a religious perspective (1998, 1455).

The economic approach to religion corresponds to the first strand, namely, the economic analysis of religious phenomena. Sometimes it refers to the application of rational choice theory and microeconomic theory to the study of individual and collective religious behaviour (Stark 2007, 395). Iannaccone defines it more clearly as a study of “religious behaviour from an economic perspective, applying microeconomic theory and techniques to explain patterns of religious behaviour among individuals, groups, and cultures” (1998,

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theory but the concept that disestablishment, the beginning of the end for European religion, is the beginning for American religion” (2002, 5). Therefore, Warner insists that the crux of the new paradigm is not “economic imagery”, but “constitutive disestablishment”.

1466). Nevertheless, the economic approach to religion did not emerge suddenly in the 20<sup>th</sup> century.

In fact, Adam Smith [1723-1790], the founder of modern economics, was the first scholar to attempt the economic approach to religion. Of course, other scholars too have dealt with the issues of religion and economy. For instance, Max Weber (1992 [1930]) argued that the Protestant ethic promoted the rise of capitalism. However, his approach was not economic but sociological. In terms of the method, Adam Smith was the first scholar to adopt the economic approach and analyse the effect of religious competition and government regulation of religion. In his book *The Wealth of Nations*, he addresses religious-moral issues with an economic approach to religious institutions and clergy (1776, 740-766). Gary Anderson summarizes Smith's ideas as follows:

There were five major elements of note in Smith's economic approach to religion: (1) he offered a theory explaining the participation of individuals in religion based on his theory of human capital, (2) he modeled the suppliers of religion as self-interested income maximizers, (3) he extended his theory of competitive markets to the supply of religion, (4) he analyzed the church as a kind of firm and devoted much attention to the economic effects of its monopoly in the Middle Ages, and (5) he attempted to show how the self-interest of the clergy and political leaders interacted with economic growth and development (1988, 1085).

Smith considered self-interest on the part of clergy a motivation for change in religion just as it is for secular producers in a secular context. He argued that: "Market forces constrain churches just as they do secular firms" (Iannaccone 1991, 156). In spite of this remarkable explanation, Smith's approach, the economic approach to religion, went unnoticed in religious studies for a long time.

### ***The Development of the Economic Approach to Religion***

It was not economists but sociologists who reactivated Adam Smith's concept and attempted the economic approach to religion again (Young 1997). They observed that religious freedom in the religious pluralistic situation had made religion a matter of choice, and changed it from compulsory to voluntary. Furthermore, they noticed that religious

groups had to “persuade and not command their would-be adherents”, competing with each other to draw more members (Ahdar 2006, 50). Iannaccone describes this marketization of religion as follows:

Religious “consumers” are said to “shop” for churches much as they shop for cars: weighing costs and benefits, and seeking the highest return on their spiritual investment. Religious “producers,” the erstwhile clergy, struggle to provide a “commodity” at least as attractive as their competitors’. Religion is advertised and marketed, produced and consumed, demanded and supplied (1995, 172).

Among sociologists, Peter Berger (1963) was the first scholar to notice this phenomenon and attempt to explain it in terms of the economic approach. In his book *The Sacred Canopy*, he argues how the pluralistic situation marketizes religion in modern times:

As long as religious institutions occupied a monopoly position in society, their contents could be determined in accordance with whatever theological lore seemed plausible and/or convenient to the religious leadership... The pluralistic situation, however, introduces a novel form of mundane influences, probably more potent in modifying religious contents than such older forms as the wishes of kings or the vested interests of classes – the dynamics of consumer preference. To repeat, the crucial sociological and social-psychological characteristic of the pluralistic situation is that religion can no longer be imposed but must be marketed (1967, 145).

According to Berger, the pluralistic situation<sup>12</sup> is a market situation (Berger 1967, 137). In the religious monopoly context, a religious organization can exercise exclusive control over religious retainers. However, the pluralistic situation multiplies the number of plausibility structures competing with each other. As a result, religious contents of each religious group are relativized and become kinds of fashion (Berger 1967, 146-152). Furthermore, religion itself becomes a private affair of individuals. In this process of

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<sup>12</sup> There are various other terms to refer to the religious pluralistic situation, such as religious pluralism or plurality, or pluralization. As Banchoff and Hauerwas emphasize, however, these terms must be defined carefully (2007, 5). In general, religious pluralism refers to the normative idea that religions are so many paths to the same truth. Religious plurality, by contrast, implies the social context to produce religious pluralism and pluralization refers to the process of it. In this research, I will use the term ‘religious pluralistic situation’ to mean a religious and social phenomenon. It will not imply a variety of ways to one truth; rather it refers only to the context of interaction among several religious groups in society.

secularization,<sup>13</sup> religious organizations are transformed “from monopolies to competitive market agencies” (Berger 1967, 138).

Of course, economists have also attempted to apply economic analysis to the non-market behaviours in politics, government, crime, war, education, family, health, law, and even religion. In the 1970s, Azzi and Ehrenberg attempted the economic approach to religion based on the utility maximization concept of microeconomics. In their study *Household Allocation of Time and Church Attendance* (1975), they insist that believers allocate their resources to maximize the overall utility. This implies that religion and religious behaviour are rational constructs. In fact, this approach is very similar to the idea of Adam Smith. Though Smith focused on self-interest, Azzi and Ehrenberg regard “the hope of afterlife consumption” as the motive for religious behaviour (1975, 32).<sup>14</sup> In the same period, Gary S. Becker (1976), recipient of the 1992 Nobel Prize in Economics, attempted the economic approach to human behaviours such as crime, marriage, fertility, family, and even irrational behaviour. He borrowed various concepts from economics, such as market equilibrium, stable preferences, and maximizing behaviour. His methodology has been influential in many ways, not only for the economics of religion but also for other religious studies.

In the 1980s, Stark and Bainbridge, attracted by the economics of the Chicago school, applied to religious studies economic concepts such as rational choice theory, utility maximization, and rewards and compensators. In their book *A Theory of Religion*, they offered 344 propositions seeking to account for the emergence of gods in societies (Stark and Bainbridge 1987). The basic concept of their work is simple: people seek rewards, which are defined as “anything humans will incur costs to obtain” (Stark and Bainbridge 1987, 27). When these are not available, people can settle for substitutes instead of rewards, so-called compensators, which are defined as “postulations of rewards

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<sup>13</sup> As I mentioned before, he withdrew his secularization theory later (Berger 1999, 2).

<sup>14</sup> Azzi and Ehrenberg’s idea was updated later by Greeley and Durkin (1991) and Iannaccone (1990).



according to explanations that are not readily susceptible to unambiguous evaluations” (Stark and Bainbridge 1987, 30). However, some compensators, such as eternal life and the supernatural, cannot be achieved when people are alive. Because of the desire for compensators that are inherently unachievable, the demand for religion can be a constant. As a result, Stark and Bainbridge conclude that secularization is impossible.<sup>15</sup> This idea made a great contribution towards the new paradigm in religious studies.

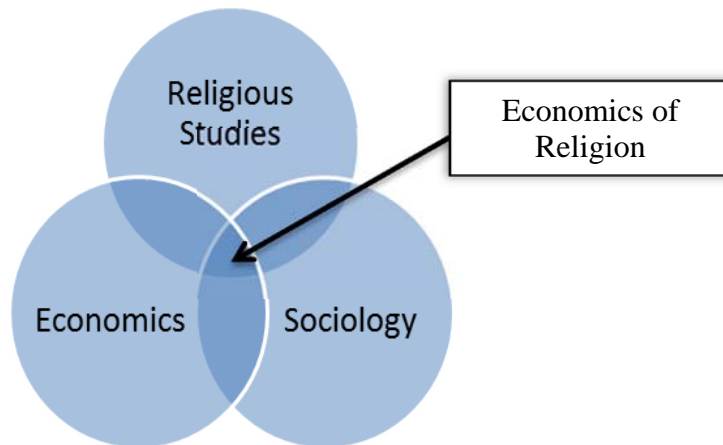
After the 1990s, economists contributed more significantly to the development of the economic approach to religion. Based on mathematical analysis on the extensive empirical data, they attempted to measure various aspects of religion, such as religious choice, religious participation, and religiosity. Recently, household production models, which have been developed by Azzi and Ehrenberg (1975), Becker (1976), and Iannaccone (1995), have become the theoretical standard of economists. Of course, economists are often criticized by sociologists and religious scholars for their excessively mathematical approach. Iannaccone and Bainbridge argue that this needs to be translated into more religious and “comprehensible language” (2010, 461). Nevertheless, their achievement has greatly influenced the economic approach to religion.

Since 2000s, some sociologists, economists, and religious scholars have attempted to set up the economic approach to religion as a new discipline, a so-called *Economics of Religion*, which seems to be a hybrid of sociology, economics, and religious studies.

## **FIGURE 2** **ECONOMICS OF RELIGION AS A NEW DISCIPLINE**

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<sup>15</sup> Aldridge argues that the concept of rewards and compensators is “a modern version of Pascal’s famous wager, in which belief in God is a sensible bet” (2007, 110).



Furthermore, they have started to cooperate with each other and have formed various associations, such as ERel (Economics of Religion), ASREC (Association for the Study of Religion, Economics and Culture),<sup>16</sup> and CESR (The Centre for the Economic Study of Religion), and ENER (The European Network on the Economics of Religion)<sup>17</sup>.

### Summary and Conclusion

In this chapter, I have attempted to provide an overview of the previous approaches to religion, up to the recent economic approaches. In the first section, I reviewed the previous approaches to religious studies. From the beginning, modern religious studies has been developed as a multi-disciplinary study of religion. Scholars have applied their own approaches, such as sociological, psychological, and anthropological, to the analysis of religious phenomena. Their accounts have had in common two distinctive features: 1) humanistic and 2) scientific approaches to religion.

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<sup>16</sup> One of the biggest associations in the studies of Economics of Religion. The first conference of ASREC was held in Salt Lake City, Utah, U.S. in 2002. Board members of this group identify themselves as follows: “The Association for the Study of Religion, Economics, and Culture exists to promote interdisciplinary scholarship on religion through conferences, workshops, newsletters, websites, working papers, teaching, and research. ASREC supports all manner of social-scientific methods, but seeks especially to stimulate work based on economic perspectives and the rational choice paradigm” (ASREC 2012).

<sup>17</sup> This association was initiated for the European network by European researchers in 2006. The first workshop of ENER took place at the University of Granada in 2007. They introduce themselves as follows: “ENER - The European Network on the Economics of Religion - is a no-cost and informal network of mainly Europe based researchers interested in and working on the Economics of Religion. ENER aims to bring together the rather scattered knowledge of the European issues of the Economics of Religion. ENER aims to promote the Economics of Religion. ENER provides a platform for communication and exchange for interested researchers” (ENER 2012).

The general trend of these approaches has been a sceptical and critical interpretation of religion, although there have also been more positive perspectives. According to the sceptics, religion is just an invention to answer human need. They regarded religion as one of many psychological, cultural, or sociological phenomena. However, these reductionist views were criticized by phenomenologists of religion in the early 20<sup>th</sup> century.

All the above humanistic and scientific approaches have contributed greatly to the formation of the modern study of religion. In particular, negative perspectives on religion affected the secularization theory of the mid-20<sup>th</sup> century. According to this theory, religious decline is inevitable in the modern period because of the results of modernization, such as rationalization, pluralistic situation, and privatization of religion. However, this pessimistic view is strongly refuted by the proponents of the new paradigm. They argue that religious decline has no connection with modernization. According to their observation, the world today is more religious than before. To explain this phenomenon, they have adopted an economic approach, and shifted their focus from the demand side to the supply side of religion. Contrary to the expectation of the old paradigm, they argue, a pluralistic situation enhances religious vitality because there is constant need for religion in human societies. This paradigm shift has contributed greatly to the economic approach to religion.

The last section of the chapter dealt briefly with how the economic approach to religion has been developed so far. In the academic field, Adam Smith was the first scholar to attempt the economic approach to religion. He analysed the church as a kind of firm and saw self-interest as a motivation of religious change. His economic approach was reactivated by sociologists and economists about 200 years later. In order to explain religious change under the pluralistic situation of the modern period, they have applied various concepts of economics into religious studies. Recently, they attempted to establish it as a new discipline, a so-called *Economics of Religion*.

In religious studies, the economic approach to religion is still in the early stage. Nevertheless, this approach has great potential to explain modern religious phenomena. In fact, since the emergence of capitalism all human behaviours have been inseparable from economy. In the late 20<sup>th</sup> century, social systems such as education, medical care, employment, and housing, have come onto the market. This marketization is being expanded today by globalization and neo-liberalism. Recently, scholars began to observe the religious characteristics in a commercial market. The theologian Harvey Cox (1999) calls this phenomenon “the Market as God”. According to him, in the past the market was never God because there were other centres of value and meaning. However, he argues that today the market has risen to the supreme position. In this situation, the economic approach seems to be appropriate as an effective and attractive method in religious studies.

### **CHAPTER 3**

#### **A THEORETICAL REVIEW OF THE ECONOMIC APPROACH TO RELIGION**

The previous chapter has sketched the broad contours of the economic approach to religion in terms of religious studies. Indeed, the economic approach to religion has greatly contributed to the paradigm shift in religious studies. Owing to this approach, we are able to explain more clearly religious change under modernization. Nevertheless, this approach has been criticized from many sides. Why are these criticisms made? How do proponents of the economic approach to religion respond to the critics? What are the limitations of the previous theories? In order to answer these questions, in this chapter I will examine the theories of the economic approach to religion. I will begin by reviewing the key concepts of the approach. Then, I will consider the limitations of the previous theories.

#### **Key Concepts of the Economic Approach to Religion**

The economic approach to religion is a kind of hybrid of economics, sociology, and religious studies. The object of study is religion. However, the methodologies and theories rely greatly on sociology and economics. In general, the economic approach to religion consists of two theoretical schemes, “rational choice and market theory”, which come from economics and sociology (McCleary 2011, 7).

#### ***Rational Choice Theory***

The most fundamental basis of the economic approach to religion is the rational choice theory (hereinafter referred to as RCT). RCT is mainly used by social scientists or economists to understand human behaviour. It is also one of the dominant theoretical paradigms in philosophy and other modern political sciences. In brief, RCT starts from a simple assumption that people tend to act rationally and make choices in order to

maximize their benefits in accordance with their preferences (Keel 2008, 74). RCT theorists see humans as *homo economicus* [economic man], a rational, self-interested utility-maximizer.

The word “rational” is used in many ways. In philosophy, it is often employed to mean the opposite of the emotional side of human beings. In RCT, however, it means that people make choices that they think best, calculating costs and benefits. Richard A. Posner defines it more inclusively as “choosing the best means to the chooser’s ends” (1998, 1551). In this definition, rational choice need not be conscious choice. Posner insists that even rats can be as rational as human beings if they achieve their ends at least cost. Based on this economic concept, Durk H. Hak defines RCT as follows:

Rational choice theory is a (microeconomic) theory of human behaviour, and rational choice adherents all subscribe to the Popperian dictum of methodological individualism; Scientific (macro)problems have to be solved at the level of individuals (acting purposively). The hard core consists of an empirical generalization – some would say axiom – stating that individuals choose the most efficient means as they perceive them for the attainment of their goals. Individuals, because of human nature, make a rational trade-off between costs and profits (1998, 403).

Originally, RCT was developed mainly by sociologists and economists. Some scholars trace RCT to the classical economic theory of Adam Smith and others in the eighteenth-century Scottish enlightenment (Iannaccone 1991). However, modern RCT began with the emergence of social exchange theory.

In 1958, George Caspar Homans developed a social exchange theory, which was later to incorporate the basic idea of RCT. In his article *Social Behaviour as Exchange*, he summarized his idea as follows:

Social behaviour is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person in an exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behaviour changes less as the difference of the two, profit, tends to a maximum (Homans 1958, 606).

Peter Blau (1964) also contributed to the formation of social exchange theory. Based on this theory, RCT was initiated by Gary Becker (1976) in economics and by James Coleman (1973) in sociology. In particular, Coleman attempted to explain “macro-social phenomena in ways grounded in micro-social choices of social actors” (Heckathorn 2005, 620). Subsequently, RCT has focused on the intentional behaviour of individual actors. This was a remarkable perspective change in sociology. The traditional sociologists had tended to investigate human behaviour in a macroscopic perspective such as cultural or structural. The scholars of RCT, however, insisted that macro-level structures or group behaviours are explained by the behaviour of their elements, namely, individual actors of the systems, for maximizing their own interests.

In the 1980s, some scholars started to apply RCT to religious choice.<sup>18</sup> They insisted that religious choice does not differ as a process from other forms of choice making. For them, people make a rational choice in religious behaviour just as they do when choosing a car, or buying a computer. This basic concept had already been discussed by Peter Berger in terms of “the logic of market economies” (1967, 138). Nevertheless, Rodney Stark and William Sims Bainbridge, who applied modern RCT to religious study, were regarded as pioneers. In their book *A Theory of Religion* (1987) they assume that religious people act purposively and want rewards against low costs. John H. Simpson summarized their theory as follows:

It is assumed that humans in their actions and behaviours seek rewards and avoid costs; that rewards are scarce and differentially distributed in a social system; that rewards are obtained by individuals through exchanges; and that explanations exist or are invented by humans that tell them how to obtain rewards or, where that is not possible, proxies for rewards which Stark and Bainbridge call “compensators” (1990, 368).

Put simply, their theory can be described as a religious economy of costs and rewards at the individual level of analysis. Based on this concept, Stark defines religion as “a

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<sup>18</sup> A religious choice refers to “any decision that an individual makes with respect to his religious practice” (Köhrsen 2008). It varies from the decision to change prayer schedule to the decision to convert from Christianity to Islam.

collective enterprise” (2006, 55) and religious behaviour as “the behaviour of rational, well-informed actors who choose to ‘consume’ secular commodities” (Stark 1994, 2). After their study, RCT became a basic theoretical framework of the economic approach to religion.

To summarize, the most basic assumption of RCT is the pursuit of self-interest. To maximize self-interest, individuals engage in actions rationally after calculating the expected costs and the benefits of expected outcomes. This applies equally to choices about religion. After evaluating costs and rewards, people decide what religion they will choose or how extensive their involvement in it will be. However, this assumption is not applicable to religious participants only. It can also be applied to religious organizations itself. Just as individuals do, economist of religion argue, so religious organizations act rationally in order to maximize their interests, as when recruiting members, increasing resources, and requesting government support.

### ***Religious Market Model***

Another key concept in the economic approach to religion is the Religious Market Model (hereinafter referred to as RMM). In economics, a market is usually defined as “the collection of buyers and sellers that, through their actual or potential interactions, determine the price of a product or set of products” (Pindyck and Rubinfeld 2009, 7). Similarly, RMM theorists define the religious market as the collection of religious buyers and sellers that trade religious goods. Based on this understanding, they have developed RMM, which refers to a pattern or framework designed to describe the operation of and activity in the religious market context. Iannaccone, Finke, and Stark explain RMM as follows:

In speaking of “religious markets” we implicitly model as a commodity - an object of choice and production. Consumers choose what religion (if any) they will accept and how extensively they will participate in it ... People can and often do change their religion or levels of religious participation. As with other commodities, this ability to choose constrains



the producers of religion. Under competitive conditions, a particular religious firm will flourish only if it provides a commodity at least as attractive as its competitors' (1997, 351).

In fact, religious phenomena, RMM theorists observe, are very similar to economic phenomena. To attract more believers, producers use various commercial strategies, such as marketing, promotion, entertainment, and use of mass media. Some are successful, while others dwindle just like enterprises in any commercial market.

Then, what is a religious product in the religious market? In spite of the great success of the concept of RMM, it has remained unclear what religious products mean. Just as there are various products in the commercial market, so there can be various religious products in the religious market. It might be simply a specific religion or faith, such as Christianity, Buddhism, or Islam. More particularly, it might be afterlife, salvation, supernatural experience or worship service. Azzi and Ehrenberg (1975) use an economic term, "religious commodity", which refers to the hope of "afterlife consumption". Iannaccone (1998) sees it as "assurances of salvation". Stolz gives a new typology of individual and social religious goods based on the concepts of RCT and Weberian perspective as follows:

1. Religious goods are only one of the elements of religions (religious symbol systems). Religions institutionalize various types of religious goods, linking them into "chains" of salvation means and salvation ends.
2. There are different types of religious goods. Specifically, we have to distinguish individual religious goods (consumer, membership and personal goods), where individuals find themselves in parametric situations, from social religious goods (communal, collective and positional goods), where individuals produce religious goods interdependently.
3. The type of religious goods determines how they are produced and allocated. Exchange on a "market" is but one possibility. Specifically, religious goods may be transferred by socialization, produced by individuals themselves, produced together with others or used in authority relations (2006, 14).

In recent research, Maloney and his colleagues describe it more specifically as the following three elements:

- (1) private contemplation, which includes hope for the afterlife;
- (2) public camaraderie, which includes common celebration and joint consumption

of public goods, especially charitable works; and (3) reputation, respect, and social networking (Maloney, Civan and Maloney 2010, 445).

In the microeconomic perspective, religious products are not only public goods but also private goods. A public good is a non-excludable and non-rival good because it is consumed by anybody at any time without excluding the benefits that others can enjoy; the best examples are air, national defence, and sun. On the other hand, a private good is excludable and rival because it is consumed only by an owner or purchaser; examples could include a computer, desk, or pencil. Religious products can be both, in that they can be consumed publicly and privately. A parallel situation might be that of water, which is consumed by anybody who wants to use it without exclusion, but is also sold privately by a utility company. Ekelund, Herbert, and Tollison insist that religion is both a public good and a private good as follows:

If we regard Christianity as a creed rather than an organization, then we may consider religion to be a public good. But if we think of religion as a choice of form (e.g., Roman Catholic vs. Presbyterian), then we must regard religion essentially as a private good: My choice to be a practicing Roman Catholic precludes me from simultaneously being a practicing Presbyterian (2006, 53).

When a religion is regarded as a private good, it may have rivals and be involved in competition. This is the religious market context, which Berger had argued earlier. RMM has been developed from this private good concept of religion.

Basically, RMM is established by the concept of the supply and demand sides of religion. Iannaccone argues: “The combined actions of religious consumers and religious producers form a religious market, which, like other markets, tends toward a steady-state equilibrium” (Iannaccone 1997, 27). As Stark (2006) indicates, when economics of religion analyses religious behaviour at the individual level, it emphasizes religious, social, or cultural exchange between humans and the supernatural. At the collective level, however, it focuses on the concept of supply and demand in religion. Originally, supply and demand is a model of price determination in economics. In a competitive market, price is determined when the quantity demanded by consumers equalizes the quantity

supplied by producers. In microeconomics, therefore, analysis of supply and demand is very important. In RMM, supply and demand has a significant role for the development and success of organized religion. In a competitive religious market, religious suppliers sell their religious products to religious consumers, try to meet their demands, and provide a more comprehensive array of services (Stark and Finke 2000). Traditionally, religious scholars focused on the demand side of religion with the question: Why do people's religious preferences change? Their primary concern about religious change was the desire change of believers rather than the change of religion itself. The RMM theorists, however, diverted the subject of investigation to the supply side of religion. According to them, it is not the demand side, but the supply side that has been changed. Stark and Finke argue that the traditional approaches have answered the wrong question. They raise instead the opposite question: Why do religious organizations not meet the need of people? Stark and Finke answer this question as follows: "When people change churches, or even religions, it is usually not because their preferences have changed, but because the new church or faith more effectively appeals to preferences they have always had" (2000, 86). This answer implies that demand for religion is stable but the supply side is not. Stark explains:

There is considerable evidence that although it may often be latent, religious demand is very stable over time and that religious change is instead largely the product of supply-side transformation (see Stark and Finke 2000; Stark 2003). In effect, religious demand remains relatively constant, whereas suppliers rise and fall, and the overall level of religious participation is a function of the diversity and the energy of suppliers. Hence my colleagues and I would pose the fundamental question this way: Why do religious organizations change so that they no longer enjoy mass appeal? (2006, 48-49)

This perspective change from demand side to supply side has greatly contributed to the development of RMM within the economic approach to religion and the new paradigm in religious studies.

## **Reviews of the Economic Approach to Religion**

The economic approach to religion has attracted the attention of not only sociologists but also religious scholars. Indeed, it has contributed fundamentally to the formation of the new paradigm in modern religious studies. However, in spite of its usefulness and explicitness, the economic approach has been attacked in many ways. Steve Bruce criticizes the rational choice approach to religion in harsh terms:

... the whole project was born out of frustration with the malign influence of a small clique of US sociologists of religion.... The easiest response to Rodney Stark and his colleagues would be to ignore them.... This book is, I hope, the stake through the vampire's chest (1999a, 1-2).

Is the economic approach to religion really incongruous nonsense? How has the economic approach to religion responded to the critiques? In this section, I will review the approach in terms of its methodology, the assumptions of RCT, and the application of the theories.

## ***Debates over the Economic Method to Religion***

In relation to methodology, the most common critique of the economic approach to religion is its reductionist<sup>19</sup> nature (Chesnut 2003, 150).

## **Critiques**

Critics argue that the economic approach to religion is overly simplistic or reductionist. In fact, this critique is based on the core assumption of the economic approach to religion, which is that religious choice making does not differ from other forms of choice making. In other words, religion is not inherently more serious “than other spheres of human endeavor, except as it perceived to be by participant actors” (Christiano, Swatos and Kivisto 2002, 43). This thinking implies that complicated religious behaviours can be explained by the simple explanations of economics. However, critics argue that religion is too complicated to be considered in a simple economic way.

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<sup>19</sup> As we saw in the previous chapter, reductionism refers to the analysis offering a lower level account of a higher-level phenomenon or behaviour.

According to them, “religion is a complex good that satisfies a complicated set of individual wants” (Ekelund, Hebert and Tollison 2006, 7). Martin E. Marty (1993) insists that Finke and Stark reduce religious life to mere “winning and losing”. Witham also criticizes this approach for insulting “human mystery and spontaneity” (2010, 104). One of the hottest debates on the reductionist issue was initiated by the research of Anthony Gill (1998), who applied RCT to the context of church-state relations in Latin America. His theory aroused much public discussion, with Edward T. Brett refuting it as follows:

I am also concerned that his approach reduces religion to pure economics – the equivalent of buying and selling commodities (for example he talks of religious markets regulated and deregulated) and I think this shortchanges religion by leaving out the moral dimension (Latin Americanist-Historian Views: Rational Choice).

Although there is some truth in Gill’s economic approach, Brett insists that it is too simplistic. More broadly, Manuel A. Vasquez criticizes economic models of religion for reducing religious behaviours to “simplistic principles of supply and demand and free-ridership” (1999, 11). He insists that this reductionism is one of the weaknesses of RCT and RMM. Leigh Schmidt’s critique is more specific:

That voluntaristic marketplace, along with its concomitant patterns of promotion and consumption, decisively shaped exclusively on the vending of faith and thus privileging the denominational winners in this free market, allows us to see finally only a small part struct concentrates largely on the cultural producers, on the dedicated entrepreneurs of faith from Whitefield to Asbury, from Finney to Bruce Barton, it has proven of limited use when it comes to the study of popular or lived religion, the everyday exercises of faith within congregations and families, at shrines or grottoes, or in the Sunday schools and on the streets (L. E. Schmidt 1997, 72).

## **Responses**

How does the economic approach to religion respond to these critiques? First, religious economists advocate that reductionism is a weakness common to all scientific disciplines. They argue that none of them can be free from criticism because every

scientific study takes a reductionist way,<sup>20</sup> each using its own single explanatory framework. In fact, reductionism has been one of the most frequently raised critiques not only to the economic approach to religion but also to other scientific disciplines, such as sociology, anthropology, or mathematics. For example, some biological interpretations of human behaviour are criticized for being reductionist because they tend to reduce “all human behaviours to genetics” (Witham 2010, 185). A historical study also tends to describe all human behaviours or events in terms of “causes of human actions” only (McCullagh 2004, 70). Religious studies is no exception. Anthropologists of religion see religion as a part of a cultural system, while psychologists of religion see religion as a psychological process of individual religious experience. Even phenomenologists of religion, as we discussed before, cannot see religion as it is because of limited human conditions. In that sense, reductionism seems to be an issue to be answered not only by the economic approach to religion but also by all other scientific studies.

Second, the economic approach to religion insists that its reductionist way is just a methodological strategy for effective explanation of a part of religion. As critics indicate, religious phenomena are too complex to analyse in all their complexity. For clear observation and analysis of religion, people must select objects, simplify relationships between them, consider conditions and assumptions, and draw theories. Nevertheless, critics often seem to overlook the fact that all scientific theories or models have been developed through the process of simplification and abstraction from observed data, often called “methodological reductionism” (Jones 2000, 28). Just as atheism is different from methodological atheism, so methodological reductionism<sup>21</sup> is different from other types of reductionism, such as theoretical and ontological reductionism. Therefore, the economic approach to religion does not try to explain all religious phenomena; rather, it

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<sup>20</sup> Nagel (1961), one of the best-known philosophers of science, regards a science as a unified system of “intertheoretic reductions”. Here, reduction means “logical deduction of the statement” (Bickle 2008, 118).

<sup>21</sup> In science, it means the best scientific strategy to attempt to reduce explanations to the smallest possible entities. In economics, it is usually described as a “simplification”.

focuses mainly on the collective aspects of the supply and demand sides of religion. Owing to the limitations and characteristics of the scientific method, religious economists do not and cannot deal with moral issues or supernatural aspects of religion.<sup>22</sup> For the same reason, the historian Arnold Toynbee argues that a human's perspective of mystery is inevitably partial and subjective because of his or her bounded ability and personality:

When a human being looks at the Universe, his view of the mystery cannot be more than a glimpse, and even this may be delusive. The human observer has to take his bearings from the point in Space and moment in Time at which he finds himself; and he is bound to be self-centred; for this is part of the price of being a living creature. So his view will inevitably be partial and subjective; ... Each personality has something in it that is unique, and each walk of life has its peculiar experience, outlook, and approach. There is, for instance, the doctor's approach to the mystery of the Universe (*religio medici*); and there is the mathematician's, the sailor's, the farmer's, the miner's, the business man's, the shepherd's, the carpenter's, and a host of others, among which the historian's (*religio historici*) is one (1956, 7).

Nevertheless, some critics criticize the ambiguous attitude toward some aspects of religion, arguing that: "For the most part, existing economic studies of religion share a common weakness: They do not accurately define the subject being studied" (Ekelund, Hebert and Tollison 2006, 7). However, this is just one avenue for explaining religious phenomena in terms of the positivistic view. To reiterate, the economic approach to religion does not argue about why religious preferences exist, about why people believe in supernatural being, or about whether or not it is right to use the economic approach to religion. All those belong to the realms of philosophy or theology. As a science, the economics of religion tries to exclude any theological or ethical judgment. Ekelund and his colleagues state that,

The economist, as any other scientific observer, does not attempt to explain whether such preferences are good or bad. Rather, given that they exist for reasons that are deemed rational, the economist asks what their actual effects might be on society, or on individual or collective welfare (Ekelund, Hebert and Tollison 2006, 4).

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<sup>22</sup> Of course, some scholars have attempted to explain the supernatural in terms of RCT (Stark 1999). However, this is not about definition but about explanation for the process of religious behaviours.

This is the tradition of the value-free approach and methodological atheism in sociology of religion (Berger 1967). In that sense, the economic approach to religion is “a way” rather than “the way” of religious analysis. David Sloan Wilson argues that the economic approach is not any better; rather, it is just an “alternative” way for partial understanding of religion (2002, 79-83). If anybody wants to obtain other aspects of religion, he or she has to consider other approaches to religion, such as historical, psychological, or cultural factors.<sup>23</sup>

Third, the economic approach to religion defends methodological individualism. In fact, the charge of reductionism is closely related to the methodology of RCT itself. Traditionally, sociologists explore social behaviours in terms of macro-level analysis. They argue that social structure determines individuals. Rational choice theorists, by contrast, tend to explain economic behaviours in terms of micro-level analysis, arguing that social structure is determined by the sum of individual behaviours. This is a typical approach of methodological individualism, first named by Joseph Schumpeter (1908). This methodology regards social phenomena as the aggregate results of individual actions. Neoclassical economics also takes this position, analysing the structure of economy in terms of the sum of individual choices for maximizing profit. This methodology allows religious economists to explain various phenomena in the religious market context more easily. However, some scholars do not agree with the methodological individualism of the economic approach to religion. They argue that the sum of individual behaviours cannot be completely reduced to the social structure. Vásquez argues:

While rational choice may prove helpful in making sense of religious competition at the local level, its “methodological individualism” probably cannot fully account for the behaviour of religious institutions, which have complex habits, internal divisions, organizational structures, and modes of leadership. They are also subject to multiple global economic, political, and cultural processes, which are not reducible to individual persons’ actions or choices (1999, 11).

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<sup>23</sup> For this reason, Brett advised Gill to pay more attention to historical factors (Latin Americanist-Historian Views: Rational Choice).



Of course, some economists of religion acknowledge that institutional behaviour cannot be reduced to the choices and actions of individuals (Chesnut 2003, 151). However, they argue that the economic approach to religion need not be limited to the individual. Furthermore, complexity of religious organizations, they insist, is “not so great that their behaviour in a pluralistic environment is incomprehensible” (Chesnut 2003, 151). Others defend methodological individualism by classifying it in detail. In general, there are two perspectives: 1) the narrow concept and 2) the broad concept (Hodgson 2007). According to the former, social phenomena are explained entirely in terms of individuals alone; the second view, by contrast, argues that social phenomena are explained in terms of individuals and relations between individuals. The economic approach to religion takes the latter position. The first type, the so-called narrow methodological individualism, cannot be achieved in practice. According to the “fork theorem” (Hodgson 2007, 216-219), many advocates of this position have failed to specify it clearly in such narrow terms. As Kenneth Arrow (1994) insists, social phenomena cannot be reduced entirely to individuals alone. They are more than the sum of individual behaviours and relations. In that sense, Kyriakos Kontopoulos argues that “a methodological individualist strategy necessarily incorporates references to social relations” (1993, 79).

To conclude, critics argue that the economic approach to religion cannot account for either the complexity of religious organizations or the religious choices of individuals. Of course, religious economists admit a part of their criticism. Nevertheless, they insist that the economic approach does not attempt to explain the complexity of all religious behaviours; rather, it focuses on the collective aspects of the supply side of religion.

### ***Debates over the Assumptions of Rational Choice Theory***

Another controversial issue of the economic approach to religion stems from the basic assumption of RCT and economic theories, the so-called *homo economicus*, the concept of the human being as a rational and self-interested utility-maximizer (Persky

1995). Critics raise the question: Is the human being really rational? Is the pursuit of self-interest human nature or human behaviour?

## **Critiques**

In general, theoretical criticisms of RCT have asked two questions: 1) whether the nature of assumptions is true, and 2) whether the outcomes stated by theorists follow the assumptions. Critics normally tackle the assumptions of RCT. They argue that people are not always rational because of the limitations of human ability. They insist that real people have multiple motivations for behaviour. A strong proponent of this position is Behavioural Economics, which is primarily concerned with the bounds of rationality of economic agents. Behavioural theorists have questioned the concept of *homo economicus*. For them, the assumption that individuals act rationally seems to ignore important aspects of human behaviour. They insist that there is a big difference between *homo economicus* and real people. Unlike RCT, their assumption is that “people can be said to display bounded rationality, bounded willpower, and bounded self-interest” (Jolls, Sunstein and Thaler 1998, 1476). Since the rationality of human beings is limited, behavioural theorists argue, sometimes people act irrationally even though they lose their profit.

In addition, critics criticize the concept of the self-interested human being, asking: “If all actions are based on self-interest, why do individuals cooperate? (The so-called free-rider problem)” (Keel 2008, 75). One of the common examples cited is Mother Teresa; granted that human beings are selfish, critics question why she helped others? In *The End of Economic Man*, George P. Brockway (1991) refutes the characterization of human beings in economics as concerned with self-interest, profit maximization, and utility maximization. He argues, “Economic man is greedy. Since everyone is some kind of economic man – a producer or a consumer or both – it would appear that everyone is greedy, which is manifestly untrue” (1991, 13).

The rationality concept of RCT is also often questioned by philosophers. In fact, there are three ideal-typical modes in rational action: “teleological, deontological, and cathekontic actions” (Spickard 1998, 102). Here, teleological action, so-called “*zweck-rationalität*” [means-ends rationality], refers to goal-rational action or instrumental rationality (Weber 1978 [1922], 24). Deontological action, so-called “*wert-rationalität*” [value-rationality], refers to irrational action for religious duty or transcendent value (Weber 1978 [1922], 24-25). The last form of rational action, “cathekontic” [responsibility-rationality], refers to morally obligatory action, based on the relational ethics of H. Richard Niebuhr (1963). Spickard explains these modes as follows:

Like deontological action, cathekontic action is neither calculating nor “irrational.” It asks neither “what can I gain?” nor “what is my duty” but “what are my responsibilities?” A father might lose his life to save his child, not out of emotion but because he feels that it is his responsibility to do so – not just to the child but to the community of which he is a part. A deontologist might do the same, but would do it for duty to an ideal, not responsibility to others; a teleologist might do it to maximize the group’s happiness. All these acts have the same outcome, but their inner logic and thus their rationality – is different (1998, 105).

It is teleological action, or means-ends rationality, that is adopted by RCT theorists. However, Spickard argues that people do not act only according to the means-ends rationality as rational choice theorists have assumed; rather, they act according to a variety of reasons.

## **Responses**

RCT is still being disputed in many aspects, although it has long been one of the fundamental paradigms of economics. Richard A. Posner (1998), a prominent defender of RCT, strongly criticizes behavioural economists for over-arguing the cases. Furthermore, he disregards their critiques on economic man as a psychological critique of economic analysis, arguing that it is not appropriate for “an economic theory to set against rational choice theory” (Posner 1998, 1558). In relation to the issue of economic man, other economists respond in three ways: First, whether or not people really are

greedy, they act as if they were. Second, the real issue is whether there is a plurality of motivations, or whether self-interest alone drives human beings. The third way is partial analysis, so-called *ceteris paribus* [other things being equal] (Brockway 1991, 13-15). Nevertheless, all these arguments are often refuted by anti-rational choice theorists.

In religious studies, RCT has been attacked more severely. Many critics insist that RCT plays no role in religious behaviour because religion is complex and people are irrational. In this critique, some of the new paradigm thinkers, such as Nancy Ammerman (1997), Andrew Greeley (1989), and Warner (1993), choose not to comment. Warner argues that “the new paradigm does not require the economist’s ‘rational choice’ assumptions, the idea in other words that ordinary people behave religiously just as they presumably behave economically” (2002, 7). Of course, they also focus on the supply side of religion and highly appreciate the economic approach to religion. Nevertheless, they try to remain outside this dispute. Other scholars, by contrast, emphasize the methodological usefulness of RCT. They argue that RCT has contributed greatly to explaining human behaviours, despite the ongoing debates. As Iannaccone says:

I do not claim to know that people truly are rational. I simply know that rational choice assumptions have borne considerable fruit in the social sciences, particularly economics; that rational choice theory is well suited to the task of building and testing formal models of human behaviour; and that the rational choice approach to religion has until recently gone largely untried (1997, 27).

More positively, Stark and Finke (2000) defend RCT based on the subjective approach to rationality at the individual level. They regard human rationality as “subjective rationality”, which means, “behaviour for which, from the actor’s point of view, there appear to be good reasons” (Hamberg and Pettersson, *Religious Markets: Supply, Demand, and Rational Choices* 2002, 94). Objective rationality depends on the objective standard in accordance with scientific knowledge. However, subjective rationality depends on the inner orientation of the actor. This concept came originally from Max Weber. In *Economy and Society*, Weber (1978 [1922]) insists that complex social structures such as markets and bureaucracies depend on the subjectively

*zweckrational* (goal rational) or *wertrational* (value rational) orientations of individual actors (1978 [1922], 24-25). Brubaker defines these orientations as follows:

*Wertrational* action is defined by the actor's subjective belief in the intrinsic value of a particular way of acting, and by his conscious effort to act in accordance with this belief.... *Zweckrational* action, too, is defined subjectively, by the actor's expectations about the consequences of alternative ways of acting, and by his conscious effort to bring about one or some of these expected consequences (1984, 53).

According to Weber, both are rational only from the actor's subjective point of view. Based on this concept, Stark and Finke make a formulation of the principle of human rationality: "Within the limits of their information and understanding, restricted by available options, guided by their preferences and tastes, humans attempt to make rational choices" (2000, 38). This axiom allows rational choice theorists to answer critics' questions about human irrationality, for instance, why people do not all act alike and why people differ in what they want and how much they want. In short, people are generally rational from their own point of view, even though they seem to be irrational from others' points of view.

Other scholars defend RCT based on the rational aspect of religious organization at the collective level. In economics, behavioural economists have attempted to prove that individuals do not behave consistently. Advocates of RCT, by contrast, argue that those scholars seem to overemphasize the irrational cases of human behaviour. For them, people are generally rational in spite of some quirks of human behaviour. Even if there are some irrational behaviours at the individual level, the average of all individual behaviours is still rational at the collective level. Richard Posner supports this idea as follows:

Most questions economists ask concern aggregate rather than individual behaviour, for example the effect on the quantity purchased of cigarettes of an increase in the cigarette excise tax, not the effect of the tax increase on Mr. Cigarette Smoker A or Ms. Cigarette Smoker B (1998, 1556).

In this manner, collective aspects of the economic approach to religion can also be explained. Alan Aldridge points out that the fundamental problem of the secularization

thesis is that secularists have treated religion as a matter for the individual preference confined to the private sphere (2007, 7). However, economists of religion of the new paradigm have seen religion as “a collective enterprise” and tried to explain religious phenomena at the collective level (Stark 2006, 55). For them, therefore, the matter is not whether individuals act rationally, but whether the sum of individual actions is rational. Granting that each individual acts irrationally sometimes, they believe that the average of all behaviours is still rational. The concept of the self-interested human being, so-called economic man, can be explained in the same way. An individual may be self-interested, or may not be. The sum of individuals, however, tends to be self-interested, though there are some quirks of individual behaviour.<sup>24</sup>

To summarize, both rational choice theorists and critics of RCT seem to be considerably plausible. The point is that the research objects of each group are different. Behavioural economists focus on the individual level; rational choice theorists, by contrast, focus on the collective level. In fact, rational choice theorists also recognize that individuals are sometimes rational but sometimes not. Nevertheless, that does not suggest that RCT requires a completely different theory for human behaviour. Therefore, economists of religion argue that rationality is the reasonable explanation for religious choice making at the collective level and that, “at least generally, religious behaviour follows rational economic principles” (Ekelund Jr. and Tollison 2011, 31).

### ***Debates over the Application of the Religious Market Model***

One of the harshest objections to the economic approach to religion regards the application of RMM. Critics do not believe that every context can be explained by RMM (Chesnut 2003, 151-152). The economists of religion, by contrast, argue that it can be applied in the general context.

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<sup>24</sup> I will talk more about this idea in Chapter 4.

## Critiques

RMM has been developed mainly from the context of developed countries such as the U.S. Critics often doubt whether RMM is applicable elsewhere. They ask whether religious choice is really possible in other countries, and how many similar outcomes we can get from them with RMM. They argue that while people can choose religion freely in most of the developed countries, elsewhere religious freedom is often restricted. In some countries, such as Lebanon or Israel, there is no room for forming any religious market because of war or extreme political situations. As John Hick says,

[I]t is evident that in some ninety-nine per cent of the cases the religion which an individual professes and to which he or she adheres depends upon the accidents of birth. Someone born to Buddhist parents in Thailand is very likely to be a Buddhist, someone born to Muslim parents in Saudi Arabia to be a Muslim, someone born to Christian parents in Mexico to be a Christian, and so on (1992, 2).

As Slavica Jakelic (2010) has confirmed, an individual's religiosity is often determined by where he or she was born. It may be bound to historical context, political situation, and ethnic culture. In this case, religion is not a choice.<sup>25</sup> For this reason, Steve Bruce raises the problem of application as follows:

For most people religion is not a matter of choice in which opportunities to maximize or economize can be sought. Most people are born into a particular religion and so thoroughly socialized in it that alternatives are not economizing opportunities, but implausible heresies (2001, 35).

Based on this position, he challenges the universal validity of RMM and even RCT. From the comparative analysis of Lithuania, Latvia, and Estonia, Bruce (1999b) attempts to prove that the case of Lithuania is unique and that the economic approach to religion does not explain religiosity in that country. Similarly, Satya Pattnayak (1995) concludes that the religious market model is not suitable for Latin America. Other critics argue that the economic approach focuses "too heavily on the United States rather than comparing systematic evidence across a broad range of rich and poor societies" (Norris and Inglehart 2011, 4).

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<sup>25</sup> Jakelic (2010) calls these religious cases "collectivistic religions".

## Responses

In fact, there are two positions regarding the application of RMM: 1) Berger and Luckmann (secularization theorists) and 2) Finke and Stark (economists of religion). The former group insists that religious market context is a special phenomenon in the modern period (Berger 1967; Berger and Luckmann 1969). According to Berger and Luckmann, it has been formed by separation of religion and state, especially in the modern Western world. Hence they assume that RMM can be applied only to a free market situation in which a state is “hands off” the religious market, such as the U.S. or U.K.<sup>26</sup> In the cases of intra-faith, Berger takes a sceptical view, arguing that: “The market model is probably not suitable for the interpretation of intra-faith cooperation, compromise, and conflict” (Berger 1963, 91). Contrary to this narrow position, the latter group asserts that RMM can be applied in a much wider context (Finke and Stark 1988). They insist that state intervention can be considered as one religious market context. According to them, there have been various types of religious market context, from the religious monopoly of the medieval age to the religious plural context of the modern period. Along the same lines as Stark and Finke, Ekelund, Hebert, Tollison, Anderson, and Davidson (1996) attempted to analyse the Roman Catholic Church in the middle ages as an economic firm from the perspective of RMM. Recently, Ekelund and Tollison (2011) classified the Roman Catholic Church as “a high medieval monopoly” and analysed the economic origins of Roman Christianity. All these scholars believe that RMM can be applied to any context regardless of the relationship between state and religion.

More aggressively, other economists of religion have made a counterattack on the critiques through a wide range of empirical studies all over the world. For example, Anthony Gill (1998) and Chesnut (2003) analysed Latin America’s religious context in terms of the economic approach. Paul Froese (2004) investigated the religious market situation in the post-communist world. Kirman (2008) analysed the case of Turkey, which

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<sup>26</sup> Although Warner (1997) belongs to the new paradigm thinkers, he seems to accept that this new approach may operate only within the parameters of US religion and not in every society.



is monopolized by orthodox Muslims, in terms of RMM. There are also many researches on the Asian religious market. Chan and Ragvald (2005) showed how Chinese temples have participated in the competition for believers as active players in the religious economy. David Palmer (2011) extended the existing RMM in the case of the Chinese religious economy, proposing an alternative model of a religious gift economy focusing on the gifting exchanges between humans and between God and human. Overall, these empirical researches have shown that the economic approach to religion can be applied to more diverse contexts than critics would allow.

### **Limitations of the Previous Religious Market Model**

As noted before, many critics have condemned the economic approach to religion. Nevertheless, the advantages of such an approach for explaining religious phenomena are undeniable. Ekelund, Hebert and Tollison summarize the advantages of the economic approach to religion as follows:

Economic analysis can help us understand how religious markets evolved to satisfy changing (consumer) demands, and what social, political, and economic consequences followed from the entry of new firms (churches) into religious markets. Economic analysis can also shed light on the exasperating tendency of violence to be perpetrated in the name of religion, even though most organized religions embrace the concept of peace as a moral imperative. Economic analysis can help us understand how and why new doctrinal innovations occur over time and the motivation behind religious entrepreneurship. It can help us understand (and even predict) the origins and consequences of schisms within Christian religions. It can even help us develop an informed judgment about the probable fate of ecumenical movements in contemporary Christianity (2006, 9-10).

If they had adopted an economic approach to religion, religious studies could indeed have overcome the old paradigm and taken a step forward to the new one.

However, it is also true that the economic approach to religion has some limitations. In the previous section, we discussed some of these in terms of methodology, assumption, and application. Strictly speaking, however, they are not limitations but arguments, in that they have been properly refuted by economists of religion and are still

under dispute. In this section, I want to point out three limitations of the previous RMM, which are closely related to economic terms and concepts. As noted above, the economic approach to religion has been developed mainly by sociologists. Naturally, they are inclined to use economic terms to explain religion. But some terms of RMM are not, in fact, economic but sociological. This means, ironically enough, that the economic approach to religion seems more sociological than economic.

### ***Narrow Understanding of Religious Economic System***

When we discuss a phenomenon or a concept, the first thing to be defined is the system to which it belongs. In science, a system is defined as “an assemblage of interrelated parts that work together by way of some driving process” (Pidwirny 2006). For example, the sun, the earth, and other planets form the solar system. Cultural elements establish a cultural system. Likewise, economic components shape an economic system. If religion is explained in terms of the economic approach, it is natural to mention a religious economic system. Nevertheless, the previous RMM has not paid attention to this concept.

### **Understanding of the Market System**

In economics, an economic system is usually defined as a system or method which involves the production, exchange, distribution and consumption of goods and services between the entities in a particular society (Rutherford 2007, 66). It provides a set of rules for allocating resources and consumption among individuals and firms within particular frameworks, such as laws or customs. An economic system comprises three basic components: 1) household, 2) government, and 3) enterprise. Among these sub-structures, government plays the most important role in determining the type of economic system. Economists classify an economic system as one of two types, depending on the extent of government intervention: hands-on system or hands-off system. Others may call these

systems planned economy and market economy (Sloman 2003, 15). In the former, the government plays a great part in choosing goods and services and controlling the economic system. The typical examples are communism, socialism, feudalism and mercantilism. In the latter, by contrast, there is no government intervention of any kind. The government hands over some or all of the power to make economic decisions to private individuals or firms. In many such systems, government involvement is very limited. The typical examples are capitalism, gift economy, mutualism, and syndicalism. In practice, however, many modern countries are somewhere between the two extremes of this continuum. Sometimes government intervenes in the markets, but sometimes not. Economists call this type a mixed, or compromise economic system; it incorporates elements of both market and planned economies. The best example of this type is the Kingdom of Sweden, which is termed a semi-socialist state. The degree of government intervention, therefore, determines whether the economic system is classified as 1) a planned economy, 2) a market economy, or 3) a mixed economy.

### **A Limitation of the Previous Religious Economic System Concept**

A religious economic system is very similar to a commercial economic system in that it consists of three main bodies: 1) religious consumer, 2) religious provider, and 3) government. In this system, religious providers sell their religious commodities such as faith, salvation, and relief. Religious consumers purchase them through religious choice, conversion, or participation. If there is no regulation from government, the interaction between religious buyers and sellers determines the religious market structure. However, if government does regulate the religious market, the religious market structure is affected by the degree of that government regulation. Therefore, we need to classify religious economic system in terms of the degree of government regulation of religion.

Of course, the previous RMM does not overlook the role of government. Finke notes that state regulation restricts religious competition “by changing the incentives and

opportunities for religious producers (churches, preachers, revivalists, etc.) as well as the viable options for religious consumers (church members)” (1997, 50). For this reason, the previous RMM has regarded the most significant factor of market structure change as government regulation of religion. Finke and Stark explain:

Religious economies are like commercial economies. They consist of a market and a set of firms seeking to serve that market. Like all market economies, a major consideration is their degree of regulation. Some religious economies are virtually unregulated, while others are restricted to state-imposed monopolies (1988, 42).

Stark and Iannaccone also indicate that: “The capacity of a single religious firm to monopolize a religious economy depends upon the degree to which the state uses coercive force to regulate the religious economy” (1994, 232).

However, the previous RMM does not present the concept of religious economic system clearly. Without mentioning the term, RMM theorists often deal with government regulation and deregulation only as regards the religious market (Iannaccone, Finke and Stark 1997). This is an obvious shortcoming of the previous RMM theorists. In economics, economists define the economic system of a country before analysing its market structure. For instance, one cannot analyse the market structures of Cuba and the U.K. without understanding the two different economic systems. Strictly speaking, all nations have different economic systems because of their own unique social and economic contexts. Religious context is not much different. Every nation has its own unique religious policies and different degrees of government regulation. Nevertheless, the previous RMM has a tendency to analyse the market structure without defining religious economic system. If the role of government is important in the religious market as much as in the commercial market, we should not overlook the analysis of religious economic system.<sup>27</sup>

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<sup>27</sup> Based on this idea, I will suggest a new typology of religious economic system in Chapter 4.

### ***Narrow Understanding of Religious Market***

Another limitation of the previous RMM is the narrow understanding of the religious market, as revealed through debates over religious vitality.

### **Debates over Religious Vitality**

Since the emergence of RMM, one of the most controversial issues has been the relationship between religious pluralism and religious participation. Scholars have questioned how religious diversity affects the religious participation of individuals, asking: “Does religious pluralism decrease religious participation, or increase it? Is competition good for religion or not?”

### ***Orthodox Model and Simple Monopoly Model***

As we saw before, the traditional view, termed “the hard secularization thesis” (Hunt 2005, 47), states that religious pluralism reduces religious plausibility and results inevitably in a decrease of religious participation. In short, “the more worldviews there are, the less plausible each seems, and the less religious belief and activity there will be” (Chaves and Gorski 2001, 261). Overall, traditional theorists conclude that religious competition is harmful to all religions. This is known as the “Orthodox Model of Secularization” (Wallis and Bruce 1992).

However, the RMM theorists made a strong objection to this orthodox model, proposing instead the “Simple Monopoly Model”. This model starts from a simple assumption that competition stimulates effort, thus increasing the overall level of commitment. RMM theorists apply this assumption to the religious context, arguing that “the vices of monopoly in religious markets mirror the adverse results of monopoly in traditional commercial markets for vehicles, umbrellas and mince pies” (Ahdar 2006, 57). Just as simple monopoly decreases the vitality of a commercial economy, RMM theorists predict, so religious monopoly decreases religious vitality, expressed for example in religious attendance. For them, religious pluralism is positively associated with religious

participation. Chaves and Gorski explain that: “competition among religious groups increases the quantity and quality of religious products available to consumers and, consequently, the total amount of religion that is consumed” (2001, 262). To support this model, economists of religion have presented many empirical cases. For instance, Finke and Stark (1988) show how religious diversity increases the rate of adherence to religion from the research on the religious mobilization of 350 American cities in 1906. In this research, they argue that the principal determinant between religious pluralism and religious participation is not plausibility but competition. Iannaccone, Finke, and Stark draw the same conclusion, that “the vitality of a religious market depends upon its competitiveness” (1997, 352). Contrary to the orthodox model of secularization theorists, therefore, economists of religion conclude that competition is good for religion.

### ***The Catholic Effect as an Exceptional Case***

Secularization theorists refute the Simple Monopoly Model. They acknowledge that religious pluralism increases competition. However, they do not agree that it creates religious market competition. Chaves and Gorski conclude that: “A positive relationship between religious pluralism and religious participation can be found only in a limited number of contexts, while the concepts themselves translate poorly to non-modern settings” (2001, 274).

While debating this issue, both sides faced the exceptional case of Roman Catholicism in Italy, termed “the Catholic Effect” (Diotallevi 2002). Italy is as secularized and modernized as many other countries. Furthermore, the religious context of Italy is almost monopolized by the Roman Catholic Church. According to the above two models, religious vitality in Italy should be low. However, the reality is quite contrary to the expectations of both the Orthodox Model and the Simple Monopoly Model; in fact, there is a very high level of religious participation despite a secularized, regulated, and religious monopoly context. As Diotallevi points out:

Italian rates of church attendance, religious participation, mobilization or commitment are much too high to satisfy either model. These rates are too high for such a socially advanced society according to the first model, while the Italian religious market is too monopolized and too regulated to satisfy the other model (2002, 138).

Ultimately, both secularization theorists and economists of religion have failed to account for the increase in religious vitality under the religious monopoly context, especially among predominantly Catholic countries (Chaves and Cann 1992, 274). While some economists of religion, such as Stark (1998), Stark and McCann (1993), and Kwieciek and Wilson (1998), have attempted to explain the strong correlation between the pressure of religious competitors and the religious vitality of Catholicism, they have been unable to explain why a Catholic monopoly is more vital than other monopolies.

Recently, Diotallevi (2002) and Introvigne and Stark (2005) found a clue towards solving this puzzle in the internal competition in a religious monopoly. According to their findings, internal competition of Catholic monopolies increases religious vitality. In fact, Iannaccone (1991) was the first scholar to focus on the internal competition between different Catholic firms. He regarded internal diversity of Catholicism as a mitigating factor for religious monopoly. According to him, various style of worship, liturgies, and independent orders produce additional competition within the Catholic Church in place of external competition; this internal diversity produces dynamics of internal competition among different Catholic local churches (1991, 170). Diotallevi (2002) upgraded this idea and attempted to explain the Catholic effect in terms of internal diversity and plurality of Catholicism. In this research, he concluded that the internal competition within a Catholic monopoly offsets the lack of external competitors and has increased the religious vitality in Italy. Later, Introvigne and Stark (2005) supported this analysis and confirmed that RMM can explain the Catholic effect.

## **A Limitation of the Previous Religious Market Concept**

As we have seen above with regard to debates over religious vitality, the shortcoming of previous RMM theorists was their neglect of internal competition in a religion. Diotallevi also argues that “the Catholic effect may be the result of underestimation of the total amount of religious competition in a local religious market” (2002, 151). This limitation brings about another, namely a limited concept of religious market. The previous RMM theorists had a tendency to understand the religious market as a single market, assuming “a religious market” instead of “religious markets”.

In a commercial economy, there are various types of market, such as the electronic market, or computer market. This may be sub-divided according to geographical area, so that we have the Asian computer market and European computer market. Furthermore, every market may have its own submarkets. In the computer market these would include the desktop market, laptop market, and tablet PC market, according to the types of sub-product. The religious economy is similar. Just as in the case of the commercial economy, we can imagine various kinds of religious markets and submarkets. In each religious market, there can be various types of religious competition. We should not assume that all religions are of the church type, like Christianity. In fact, scholars of religion have classified religion into several types, such as diffused, institutional, and quasi religion. Even in an institutional type of religion, there can be competition among various types of religious subgroup, such as church, sect, cult, denomination, and mysticism. However, the previous RMM has not paid attention to the diversity of religious markets. Clearly, it is a mistake to neglect the complexity and diversity of religion. If we extend the concept of religious market, I believe that the area of application of RMM will be extended.<sup>28</sup>

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<sup>28</sup> Based on this idea, I will suggest a new typology of religious market in Chapter 4.



### ***Narrow Understanding of Religious Market Structure***

In spite of the wide range of empirical researches, the previous RMM has a limited concept regarding religious market structures.

### **Understanding of Market Structure**

In economics, market structure is defined as the characteristics of a market which determine firms' behaviour and affect the nature of their competition and pricing. In general, the most important features of market structure are:

the number of firms in the market and their relative size; the number of firms which might enter the market; the ease or difficulty with which these new entrants might come in; the extent to which goods in the market are similar; the extent to which all firms in the market share the same knowledge; the extent to which the actions of one firm will affect another firm (Anderton 1995, 137).

According to the types of competition, economists classify market structure into two types:

1) perfectly competitive market and 2) imperfectly competitive market (Bernheim and Whinston 2008).<sup>29</sup> The former refers to the hypothetical market form where no buyer or seller has the ability to influence prices. In this market, naturally, no enterprise is predominant over others. However, this structure is not realistic because it is impossible for a firm in perfect competition to make any profit over economic costs. The imperfectly competitive structure is closer to the real market condition. This market is competitive, but it is imperfect. According to the type of imperfect competition, market structures are classified into monopoly, oligopoly, oligopsony, and monopsony.

### **A Limitation of the Previous Religious Market Structure**

When we explain religion in terms of the economic approach, we may imagine various religious market structures, just like in the case of the commercial economy.

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<sup>29</sup> Others describe them as 1) competitive market and 2) market failure. Here, market failure means the situation in which perfect competition fails to be achieved.

However, the previous RMM theorists often presume two types only: religious monopoly and religious free market.

In fact, Berger and Luckmann (1969), old paradigm theorists, also mention religious market structure. However, they consider a religious free market structure as the only religious market context. By contrast, Finke and Stark (2003), new paradigm theorists, have a wider understanding of religious market structure. They include both religious free market and religious monopoly.<sup>30</sup> Iannaccone (1991) also focuses on two types of religious market structure: a simple monopoly religious market and a free religious market. However, these classifications seem to be much too simple. Other scholars often use a wider variety of terms: 1) Religious monopoly, 2) Prohibition, 3) Disestablishment, and 4) Religious pluralism (Young 1997). However, they are more likely to describe religious context than religious market structure. Furthermore, these terms are not economic, but sociological.<sup>31</sup> In that sense, the explanation provided by Stark is closer to the economic approach. He sorts religious markets by government regulation, to include for example “free markets” and “markets in which the government regulates the economy in the direction of monopoly” (Stark 1997, 194). However, this classification also seems too simple to explain all the complicated religious market structures. If religion can be described as an economic firm, there is no reason to think of other types of religious market structure, such as religious oligopoly, oligopsony, and monopsony, like a commercial economy. In the case of South Korea, for instance, two religions, Christianity and Buddhism, occupy the majority of the religious market share. This is a typical oligopoly market structure. We can also easily imagine the religious oligopsony market structure, in which religious buyers are few but religious providers are many. How can we describe this diversity in terms of only two types of religious market

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<sup>30</sup> Here, Finke and Stark seem to use free market to mean perfectly competitive market. Strictly speaking, they seem to misuse the term religious free market because there is no such term of market structure in economics.

<sup>31</sup> In fact, this is one of the common mistakes made by sociologists when studying the economic approach to religion.

structure? Therefore, I argue that the previous concept of religious market structure needs to be extended more broadly.<sup>32</sup>

### **Summary and Conclusion**

In this chapter, I have attempted a theoretical review of the economic approach to religion. In the first section, I introduced two key concepts of the economic approach to religion: 1) rational choice theory [RCT] and 2) religious market model [RMM]. First, RCT assumes that people make choices rationally in order to maximize their benefits. Economists of religion apply this concept to religious choice. They argue that people make a rational choice in religious behaviour in order to maximize their benefits. Second, RMM assumes that there are religious buyers and sellers that trade religious goods in a religious market.

In the second section, I reviewed the economic approach to religion in terms of theoretical debates. The first debate concerns methodology. Critics argue that religion is too complex to be explained in terms of the economic approach. Economists of religion defend their approach as just a methodological strategy for effective explanation of religious phenomena. The second debate regards the assumption of RCT. Critics question the concept of economic man. However, economists of religion defend it in terms of rational aspects of religious organization at the collective level. The third debate is about the application of the religious market model. Critics argue that RMM is applicable in only a few contexts. Economists of religion, by contrast, insist that it can be applied in a general context.

In the final section, I pointed out three limitations of the previous RMM. First, the previous RMM has a limited understanding of religious economic system. Without mentioning types of religious economic system, RMM theorists have focused on state regulation and deregulation of religion only. Second, the previous RMM has a limited

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<sup>32</sup> Based on this idea, I will suggest a new typology of religious market structure in Chapter 5.

understanding of religious market. This is one reason for its failure to account for religious vitality in a religious monopoly. Recently, some scholars have started to focus on the possibility of internal competition in a religion. Nevertheless, their ideas need to be extended. Third, the previous RMM has a limited understanding of religious market structures. In reality, there can be a greater variety of market structures in a religious market, just as in a commercial market. However, the previous RMM has assumed only two types of religious market structures: 1) religious monopoly and 2) religious free market context. Given all these limitations, we require a new version of RMM.

To conclude, even though there are some limitations, and debates over the theories continue, the economic approach to religion is still effective to explain various religious phenomena. As Becker argues:

I contend that the economic approach is uniquely powerful because it can integrate a wide range of human behaviour. Everyone recognizes that the economic approach assumes maximizing behaviour more explicitly and extensively than other approaches do, be it the utility or wealth function of the household, firm, union, or government bureau that is maximized. Moreover, the economic approach assumes the existence of markets that with varying degrees of efficiency coordinate the actions of different participants – individuals, firms, even nations – so that their behaviour becomes mutually consistent (1976, 5).

According to Becker, the economic approach is very useful to explain various fields of human behaviours, including religious behaviour. If we compensate for some limitations of RMM, we may apply the economic theories to more complex religious phenomena. In the next part, therefore, I will present an updated version of RMM in order to overcome these limitations.

## **PART II**

### **A THEORETICAL EXTENSION OF THE RELIGIOUS MARKET MODEL**

The previous part has sketched the broad contours of the economic approach to religion. In Chapter 2, we discussed how the economic approach to religion has been developed so far in terms of religious studies. In Chapter 3, we examined in detail the major theories of the economic approach to religion. In this new approach, we could have observed that religious behaviour can be analysed in terms of the economic approach. However, we also found that the previous religious market model has some limitations in terms of analysing the variety of religious phenomena. To compensate for these weak points, we need to expand the previous religious market model. In this part, therefore, I will suggest three new typologies of RMM: religious economic system, religious market, and religious market structure.

## **CHAPTER 4**

### **RELIGIOUS ECONOMIC SYSTEM AND RELIGIOUS MARKET**

As noted above, the previous RMM has some limitations in describing the diversity of the religious market situation. In order to compensate for these weak points, it is necessary to extend the scope of current RMM. In this chapter, therefore, I will redesign the concept of RMM and suggest two new typologies: 1) a new typology of religious economic system and 2) a new typology of religious market. In the first typology, I will classify religious economic systems according to the extent of government regulation of religion, just as in the case of a commercial economy. In the second typology, I will define and classify religious markets according to religious competitors.

Here, typology, as a social scientific term, refers to the systematic classification of types that have characteristics in common. A typology comprises ideal types. The notion of ideal type, sometimes called pure type, was originally defined by Max Weber: “An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent emphasized viewpoints into a unified analytical construct” (1949, 90). According to Weber, an ideal type is formulated from characteristics of a particular phenomenon. However, it neither refers to all the characteristics nor corresponds to the statistical average of the case. It is conceptually pure, abstract from reality, in order to help put the chaotic reality in order (Pepper 1963). In actuality, it may be impossible to find a pure and perfect form of each ideal type. Hence, the two typologies in this research are conceptually pure idea-constructs to put the chaotic phenomena of RMM in order. Therefore, I want to stress that ideal types in this research do not need to reflect all the cases of religious market context because, to reiterate, they are conceptually abstracted from reality. Furthermore, in this research I will classify ideal types from the largest to the smallest unit for effective scientific description. As Znaniecki states:

If the system as circumscribed at the outset should prove too comprehensive, the number of particular objects too large for scientific description, the scientist will either try to break it up into smaller systems and study these, or else group many objects together into larger units which behave in certain respects as elements (Znaniński 1934, 14).

Therefore, I will begin by formulating a typology regarding religious economic system. Then, I will describe another typology regarding religious market, moving from the largest to the smallest and from the outer to the inner unit.

### **Definition and Classification**

Before establishing typologies of religious economic system and religious market, I want to define and classify some fundamental terms: economic system, market, religion, and religious forms.

#### ***Definition of Economic System and Market***

To understand the concepts of religious economic system and religious market, we must first understand those of commercial economic system and market.

### **Economic System**

In economics, as noted before, an economic system involves the production, exchange, distribution and consumption of goods and services between the entities in a particular society (Rutherford 2007, 66). More simply, Gregory and Stuart define it as “the set of institutional arrangements used to allocate scarce resources” (2004, 3). In history, various economic systems have been attempted, such as market economy, traditional economy, command economy, participatory economy, gift economy, and barter economy. These economic systems are made up of various component parts: households, firms, governments, and the foreign sector. Among these, it is the role of government that determines the type of economic system. According to the extent of

government regulation, economists often classify economic systems into three types: 1) hands-on system, 2) hands-off system and 3) mixed system.

## **Market**

In economics, a market refers to the place in which buyers and sellers exchange goods or services. Pindyck and Rubinfeld define it as “the collection of buyers and sellers that, through their actual or potential interactions, determine the price of a product or set of products” (2009, 7). There are various types of markets in terms of form, scale, location, competitor, and type of product. Examples include the online market, retail market, international market, domestic market, computer market and stock market. In competition law, the definition of market is very important because, without it, there is no way to monitor a market and regulate unfair trade. Then, how and on what grounds do economic administrations define and classify the market?

In general, it is known that the more narrowly the market is defined, the stronger market power firms will have (Massey 2000, 310). For this reason, firms tend to advocate wide market definitions. However, competition authorities prefer to narrow market definitions because it is easy for competition authorities to monitor markets and regulate monopoly. In economics and competition law, this process is called market definition or definition of relevant market. EU competition law defines it clearly and clarifies its purpose as follows:

Market definition is a tool to identify and define the boundaries of competition between firms. It serves to establish the framework within which competition policy is applied by the Commission. The main purpose of market definition is to identify in a systematic way the competitive constraints that the undertakings involved face (European Union Law 1997).

Then, what are the criteria of market definition? According to the competition law of the EU or U.K., a market is usually defined according to: 1) product, 2) geography, and 3) others (Jersey Competition Regulatory Authority 2005). First, a market is defined



according to the kind of product, such as agricultural, software or oil market. In competition law, this is sometimes called the relevant market, defined as the product market where the competition takes place (Bishop and Walker 1999). This market contains all those products or services that are interchangeable or substitutable by the consumer's preference change. It implies that firms sell their similar products to the same customers. Second, a market can be defined according to the geographical boundary, such as international, domestic or EU market. The U.S. Supreme Court defines the geographic market as "the area of effective competition" and "the market area in which the seller operates, and to which the purchaser can practicably turn for supplies" (U.S. 1963). In general, geographical boundaries of manufacturing markets are regional, national, and international, but retailing and service markets are local (Jacobson 2007, 605). Third, a market can be defined in terms of other factors, such as time, or service. A temporal market is the best example, as with the fruit market or grain market. Considering the above three factors, a commercial market can be defined as a set of customers "served by sets of suppliers, where both set are defined in terms of products and services and geographic location" (Brooks 1995, 537).

### ***Definition of Religion***

Just as in commercial economies, there are three components in the religious economic system: religious supply side, religious demand side, and government. Among them, religious demand side and government can be clearly defined. However, there are various perspectives about religious supply side. What is religion and what is not religion? If a sport or a rock star is venerated like a religion, do we have to include it as an element of the religious economic system? In fact, although religion is one of the most important components in the religious market, the previous RMM theorists have a tendency to focus on the religious market while neglecting to define religion. This is recognized as one of the common weaknesses of the economic approach to religion. Ekelund, Hebert and

Tollison note that: “For the most part, existing economic studies of religion share a common weakness: They do not accurately define the subject being studied” (2006, 7). In a sense, definition of religion may be beyond the scope of research. Nevertheless, it should not be neglected, because if we define religion narrowly, some religions may be excluded from discussion of RMM. Conversely, if we apply the wider standards to religion, it will be hard to distinguish between religious phenomena and social phenomena. In this section, therefore, I will briefly examine both previous approaches and the economic approach to definitions of religion.

### **Previous Approaches to Definition of Religion**

What is religion and what is not religion? Unfortunately, this question is not easy to answer. Since the beginning, defining religion has been a very controversial issue in religious studies. Despite the efforts by very many scholars to define it, they often failed to draw common consent and the kernel of the problem remains unsettled. Even Max Weber gave up defining religion. In *The Sociology of Religion*, he states that:

To define “religion,” to say what it is, is not possible at the start of a presentation such as this. Definition can be attempted, if at all, only at the conclusion of the study. The essence of religion is not even our concern, as we make it our task to study the conditions and effects of a particular type of social behavior (Weber 1965 [1922], 1).<sup>33</sup>

Nevertheless, disputes on the definition of religion continue. In the sociology of religion, briefly, two main methods have been attempted: the substantive method and the functional method (McGuire 1997, 9). The former defines religion by the essence of religious ideas; the latter, by contrast, focuses on what religion does.

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<sup>33</sup> Ironically, even though Weber stated here that he would attempt to define religion at the conclusion of the study, he did not do so.

### ***Substantive Definitions of Religion***

A substantive approach deals mainly with what religion is. It attempts to distinguish between religious and nonreligious categories through the essential elements of religion such as the sacred, ultimacy, holiness, and power. One of the best examples is Robertson's definition, in which the essence of religion is regarded as a super-empirical and transcendent reality. According to this definition, religion is a

set of beliefs and symbols (and values deriving directly therefrom) pertaining to a distinction between an empirical and a super-empirical, transcendent reality; the affairs of the empirical being subordinated in significance to the non-empirical (Robertson 1972, 47).

Similarly, Glock and Stark define religion as follows: "Religion, or what societies hold to be sacred, comprises an institutionalized system of symbols, beliefs, values, and practices focused on questions of ultimate meaning" (1965, 4). Spiro provides another good example. According to him, the basis of definition of religion is the concept of "superhuman beings", which are defined as those having a greater power than human beings, who can help or hurt humans but can be influenced by human action (Spiro 1966, 98). The most popular criterion of substantive definition is "the sacred". Durkheim regards the division between sacred and profane as a necessary precondition for classifying religious beliefs.<sup>34</sup> He states that:

Religious beliefs are those representations that express the nature of sacred things and the relations they have with other sacred things or with profane things ... rites are rules of conduct that prescribe how man must conduct himself with sacred things (Durkheim 2001 [1912], 38).

Similarly, Eliade and Rudolf Otto also regard the sacred as the essence of religion. Otto examines the sacred as an irrational experience. However, Eliade focuses on "the sacred in its entirety" (1959, 10). For him, the sacred is the opposite of the profane just as in Durkheim's sacred-profane dichotomy.

Substantive definitions have both advantages and disadvantages. The primary advantage is a neat strategy of definition. According to this method, religion can be

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<sup>34</sup> Nevertheless, his principal approach is functionalism.

defined clearly by limited criteria. McGuire insists that this definition is “more explicit about the content of religion” and “narrower and neater than functional definitions” (1997, 10).<sup>35</sup> Furthermore, a substantive definition is appropriate for analysing religious phenomena in a stable society because it tends to account for the unchanging substance of the traditional religions. In that sense, a substantive definition seems to be an exclusive approach.

However, this type of definition also has many disadvantages. The first problem of substantive definitions is narrowness. Such definitions are mainly devised for traditional religion, specifically Western Christianity, which has specific time, place, and religious dogma. Applied according to the criterion of Western religion, a substantive definition may fail to encompass non-Western or primitive religions within the category of religion, for “substantive definitions are often too narrow to account for non-Western religious phenomena” (McGuire 1997, 11). For example, if the definition focuses on the “superhuman beings” that Spiro considered a measure of definition of religion (1966, 98), Confucianism might be excluded from the category of religion because its content is mainly composed of moral laws, principles of order, and social relationships. In addition, a substantive definition is not appropriate for social or religious change because it is based on unchanging factors, which have been fixed already by the traditional religious founders. If religion is defined in terms of specific substantive factors only, different forms or changes can be judged as secularization, heresy, or even nonreligious.

### ***Functional Definitions of Religion***

Another established strategy for defining religion is a functional definition, which deals mainly with what religion does. According to this approach, religion is defined by its functions for society or individuals, such as unifying society, salvation, and spiritual healing. Naturally, functional definitions focus more on the consequences than on the

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<sup>35</sup> Contrary to the position of McGuire, Peter Berger insisted that a functional definition is a “neater or cleaner line of analysis” in sociology (1967, 176).

content of religion. While substantive definitions have interest in the sacred, functional definitions focus on the social attribution of the sacred. One of the best examples is Clifford Geertz's definition of religion as:

(1) a system of symbols which acts to (2) establish powerful, pervasive, and long-lasting moods and motivations in men by (3) formulating conceptions of a general order of existence and (4) clothing these conceptions with such an aura of factuality that (5) the moods and motivations seem uniquely realistic (Geertz 1966, 4).

In this definition, Geertz focuses on the actions of religion in society rather than on the nature of religion. Another example of the functional approach is Robert Bellah's definition of religion as "a set of symbolic forms and acts which relate man to the ultimate conditions of his existence" (Bellah 1964, 359). Here, Bellah sees religion in terms of relating man to the ultimacy. Also belonging to this category is Milton Yinger's definition of religion as "a system of beliefs and practices by means of which a group of people struggles with these ultimate problems of human life" (Yinger 1970, 7). According to him, the functions that distinguish religion as a human activity are to solve the problems of life and to carry the "peak load" of human emotional need.

Functional definitions too have both advantages and disadvantages. The primary advantage is inclusiveness. This approach uses broader criteria than the substantive approach. As McGuire points out:

Functional definitions tend to be better than substantive definitions for encompassing cross-cultural, transhistorical, and changing aspects of religion. Functional definitions encourage the observer to be sensitive to the religious quality of many social settings (1997, 13).

This inclusiveness has greatly contributed to the analysis of social religious phenomena without historical limitation. For this reason, functional definitions are appropriate for analysing religious phenomena in a changing society. However, there are also serious limitations. The first problem is ambiguity of the definitional standards, which is caused by its very advantage, namely, inclusiveness. According to the criterion of definition, it is possible to define everything as religion. So, this definition should always show why

this criterion is selected as religious and others are not. Most of all, the definitional ambiguity makes it hard to analyse religious phenomena or causal relationships explicitly.

For these reasons, McGuire criticized this definition as follows:

The breadth of functional definition is a mixed blessing. While functional definitions are less culturally and historically bound, this inclusiveness makes it difficult to use them for empirical studies requiring neat, quantifiable categories. Some critics say that functional strategies result in all-inclusive categories, defining virtually everything human as religion (1997, 13).

Another problem comes from the scope of application. In this method, sometimes nonreligious things, such as ideologies, worldviews, nationalism, and Marxism, which substantive definitions do not regard as religion, can be considered as religion.

### **Economic Approach to Defining Religion**

How then, do we define religion in the study of religious economy? In fact, economists of religion have hesitated to define religion, regarding it as an area for other disciplines. As we discussed before, this tendency has been criticized as one of the limitations in the economic approach to religion. Nevertheless, some economists of religion tend to favour substantive definitions (Ianncone and Berman 2006). For example, Stark and Bainbridge define religion as “systems of general compensators based on super natural assumptions” (1987, 326). In the nine fundamental principles of the economic approach to religion, Stark asserts that, “(1) the core of all religions is belief; (2) the basis of all religious practice involves exchanges with the supernatural; ... (6) religion is a collective enterprise” (2006, 49-50). In these definitions, the main criterion to define religion is “super natural assumptions”. This is a typical substantive definition of religion. However, its narrowness has limited the comprehensive application of RMM.

In modern societies, there are various functional equivalents of religion, such as sport, film, music, and internet. Just as with religion, people take comfort from music, find ultimate meaning from film or TV, and even sacrifice themselves for a specific

dogma or ideology. Although these do not claim to be religions, they have similar characteristics and, in actual life, serve the same functions as religion. In sociology of religion, they are often called “alternative religions” or “functional equivalents of religion” (Robertson 1972). Of course, they could not have been regarded as religions in the past. In recent years, however, these functional equivalents have been and are being observed as religious rivals. Furthermore, they are poised to compete with traditional religions and affect the structure of existing religious markets. If any kind of form can affect religious market structure, it should be considered as a component of the religious market. Nevertheless, the previous RMM theorists have a tendency to belittle these functional equivalents of religion.

To conclude, I argue that RMM should not be confined to the substantive aspects of religion. It needs to embrace functional definitions of religion as well. Looked at in one way, the choice among definitions of religion is a matter of strategy. Substantive definitions have the advantage of accounting for stable religious contexts; functional definitions, by contrast, are appropriate for religious change. The economic approach to religion deals with both contexts. For that reason, I support McGuire’s compromise approach, adopting both substantive and functional definitions (1997, 14).

### ***Types of Religious Form***

Definition of religion is closely related to the classification of religious form. If we take a broad or narrow definition of religion, the scope of religious form will also be extended or reduced. In religious studies, Joachim Wach (1944) distinguished religious form into two types: “natural groups and specifically religious organizations”. Based on this classification, Yang classified religion into “diffused religion and institutional religion” (1961, 294-340). Later, Yinger developed Yang’s classification and suggested the concept of “the universal institutionalized church and the universal diffused church” (1970, 256-259). As noted before, economists of religion tend to look at religion broadly,

seeing it as an organizational form. If we take this approach, we can classify religious form into two types: uninstitutional religion and institutional religion.

### **Uninstitutional Religion**

According to the type of organization and the extent of institutionalization, religious form can be divided into uninstitutional and institutional religion. The first type can be further subdivided into: 1) diffused religion and 2) quasi religion.

#### ***Diffused Religion***

Diffused religion is the religious form that has no independent organization but is diffused in society. In this type of religion, social members are religious members. Yang describes this type as follows:

On the other hand, diffused religion is conceived of as a religion having its theology, cults, and personnel so intimately diffused into one or more secular social institutions that they become a part of the concept, rituals, and structure of the latter, thus having no significant independent existence (1961, 294-295).

In a similar way, Paden classifies societies into three types: “(1) small-scale or tribal, (2) traditional monarchical city-state, and (3) large and highly differentiated” (2003). Based on this classification, he distinguishes religion into three types. Among them, the first type is very similar to the concept of a diffused religion. He describes it as follows: “In the first type, religious life, like economic life, is ordinarily diffused throughout the social system rather than being a distinct, separate institution” (Paden 2003, 37). According to Durkheim, this type of religion functions as “one single moral community” (2001 [1912], 62). Hence religious structure of this type cannot be separated from the political structure of a society. As Yinger describes:

In a relatively undifferentiated and isolated society, there is unlikely to be any visible, distinct religious structure, separate from the kinship and political structures. Religious professionalization is at a minimum. Religion is a pervasive quality of the social system more than a separate institution (1970, 259).



In general, diffused religions have been believed to occur in small, less differentiated, primitive, homogeneous, and isolated societies such as primitive or tribal societies. However, some diffused religions, such as Confucianism or Taoism, are still prevalent in modern societies.

### ***Quasi Religion***

Put simply, quasi religion, a concept developed by Arthur L. Greil, refers to the religions that “either do not see themselves or are not seen by others as unambiguously religious” (T. Robbins 1998, 396). Examples would include the New Age movement, and holistic health groups. Functional sociologists of religion tend to regard the quasi-religious phenomenon as a kind of religious form. In this research, I will include in this category civil religion (Bellah 1967), invisible religion (Luckmann 1967), and non-church religion (Lemert 1975).

Civil religion, a phenomenon first identified and named by Jean-Jacques Rousseau, is a kind of social cement, helping to unify the state by providing it with sacred authority (Rousseau 1923 [1762], 113-122). Robert Bellah borrowed the term in his essay “Civil Religion in America” (1967), to refer to the religious faith of the American people based on Americanism of the 1950s. He objects to the treatment of this civil religion as simple nationalism because it contributes to maintaining a cohesive and viable national society, like a religion. According to him, American civil religion is even universalistic and prophetic (Bellah 1967, 12). Slightly differently, Thomas Luckmann focuses on secularization after World War II (1967). He observes that today, church religion tends to decline and modern society tends to be irreligious. Nevertheless, he notes that some traditional religious representations survive in the modern sacred cosmos, replacing the institutional ideologies of the traditional religions with “an overarching and transcendent universe of norms” (Luckmann 1967, 107). Luckmann calls this phenomenon invisible

religion. Later, Charles C. Lemert labelled these two observations “non-church religion” (1975, 186).

In this type of religion, the world-view is the most important locus of religion, which, however, is not identical to institutional religion. In a sense, this type of religion seems to be very similar to diffused religion, and Roberto Cipriani (2003) regards it as such. However, quasi religion is differentiated from diffused religion in that the former is privatized, taking a shapeless religious form.

### **Institutional Religion**

The most common type of religious form is institutional religion. Unlike diffused religion, this type is clearly differentiated from other social organizations. Furthermore, it has its own organizational structure, religious order, and centralized system, just like other social organizations. Yang describes this type of religion as:

a system of religious life having (1) an independent theology or cosmic interpretation of the universe and human events, (2) an independent form of worship consisting of symbols (gods, spirits, and their images) and rituals, and (3) an independent organization of personnel to facilitate the interpretation of theological views and to pursue cultic worship (1961, 294).

This type is closely related to the second and third types of society in Paden’s classification: the traditional monarchical city-state society, and large and highly differentiated society. He explains this type of religion as “represented in ancient city-states and kingdoms, a highly specialized religious organization form, with a distinct class of priests” (Paden 2003, 37). In general, we may observe this type of religion in larger, more differentiated, more developed, and heterogeneous societies. The Roman Catholic Church is one of the best examples. In the modern world, however, there are more diverse types of institutional religion. In order to classify and define them, scholars of religion have suggested the following typologies.

### ***Weber's Typology: Church and Sect***

One of the most widespread classifications is the Church-Sect typology. Although claimed by Ernst Troeltsch, the original contribution was made by Max Weber. In his essay "The Protestant Sects and the Spirit of Capitalism", Weber (1948) classifies the organization of the religious institution as two ideal types: church type and sect type. The former type is inclusive but the latter is exclusive. However, it is "mode of membership" that Weber regards as the most critical differentiating variable (W. H. Swatos 1976, 132). According to him, membership of church type is recruited by birth, but in the case of sect type it is by decision.

The church type is conservative and so has a tendency to maintain the status quo. Troeltsch explains this type very clearly as follows:

The Church is that type of organization which is overwhelmingly conservative, which to a certain extent accepts the secular order, and dominates the masses; in principle, therefore, it is universal, i.e. it desires to cover the whole life of humanity (1931, , 331).

Johnstone provides the major characteristics of this type:

The church (1) claims universality and includes all members of the society within its ranks; there is a strong tendency for "citizen" to be equated with "member"; (2) exercises religious monopoly and tries to eliminate religious competition; (3) is very closely allied with the state and secular powers; frequently there is overlapping of responsibilities and much mutual reinforcement; (4) is extensively organized as a hierarchical bureaucratic institution with a complex division of labor; (5) employs a professional, full-time clergy who possess the appropriate credentials of education and formal ordination; (6) almost by definition gains new members through natural reproduction and the socialization of children into its ranks (1975, , 113-114).

In contrast, the sect type membership is voluntary. Its members reject false or blind faith. Instead, they tend to seek for true faith or rebirth and avoid the state and society. As Troeltsch describes:

The sects, on the other hand, are comparatively small groups; they aspire after personal inward perfection, and they aim at a direct personal fellowship between the members of each group. From the very beginning, therefore, they are forced to organize themselves in small groups, and to renounce the idea of dominating the world (1931, , 331).

More specifically, Wilson summarizes the characteristics of the sect type as, “(1) voluntariness, 2) exclusivity, 3) merit, 4) self-identification, 5) elite status, 6) expulsion, 7) conscience, and 8) legitimation” (1970, 28-35). Among these characteristics, the most distinguished feature is protest against “(1) established traditional religious forms and groups that sect members feel have strayed too far from pristine religion and (2) the surrounding secular society, which is viewed as embodying all kinds of evil” (Johnstone 1997, 88). Naturally, a lower socio-economic class tends to welcome this type because of its inclination of resistance against the world and its compensation ideology for deficiencies in lower social status. The best examples of this type are the early holiness movement of John Wesley, Jehovah’s Witness, Christian Science, and Seventh Day Adventist.

### ***Troeltsch’s Typology: Church, Sect, and Mysticism***

Ernst Troeltsch develops Weber’s idea in more detail. In his book *The Social Teachings of the Christian Churches*, Troeltsch (1931) borrows the concepts of church and sect from Weber but focuses on Christianity only. Though Weber notices membership of religious organization, Troeltsch regards as a key distinguishing feature particular attitudes to the world, “the notion of accommodation or compromise” (W. H. Swatos, *Encyclopedia of Religion and Society* 1998, 90). For him, the church type tends to compromise with the world but the sect type refuses to do so. He observes that successful sects tend to evolve into churches. According to him, the more people that are involved, the more likely it is to progress towards a church type.

Based on the previous church-sect typology, furthermore, Troeltsch adds the mysticism type. He describes the meaning of mysticism as follows:

Mysticism means that the world of ideas which had hardened into formal worship and doctrine is transformed into a purely personal and inward experience; this leads to the formation of groups on a purely personal basis, with no permanent form, which also tend to weaken the significance of

forms of worship, doctrine, and the historical element (Troeltsch 1931, 993).

Mysticism is a very individualistic type of religious organization. Karl-Fritz Daiber describes it as “religious individualism” (Daiber 2002). This type prefers to focus on personal experience rather than on formal worship or dogma. It depends neither on the institution nor on literal interpretation of the sacred books.

### ***Niebuhr’s Typology: Church, Denomination, and Sect***

Later, Weber and Troeltsch’s idea influenced Richard Niebuhr. In his book *The Social Sources of Denominationalism*, Niebuhr (1962) added the denomination type to the previous church-sect typology. Denomination, he argues, is “an advanced stage in the development of the sect” (Martin 1962, 1). It lies between the church and the sect on the continuum.

In Church-Sect theory, denomination type seems to be formed in two ways: 1) downgraded from church type 2) upgraded from sect. First, when the church loses its religious dominance or monopoly, it becomes one religion among several denominations (Johnstone 1997, 90). Second, the sect can evolve into a denomination. After the occurrence of the second or third generation in the sect type, there appears a tendency to compromise because of a decline in the trend of world rejection and of original founders’ influence. Denomination occurs in this context. Niebuhr sees denomination negatively as “a compromise between Christianity and the world” because of the compromise characteristics of denomination (1962, 6). Therefore, he draws the conclusion that “Denominationalism represents the moral failure of Christianity” (1962, 25).

### ***Becker’s Typology: Ecclesia, Denomination, Sect, and Cult***

Howard Becker, the first American sociologist to use the church-sect theory, invented the cult type concept and classified religious organizations into four types: 1)

ecclesia (church), 2) denomination, 3) sect, and 4) cult (1932, 624-642). In this typology, the ecclesia type is a slight modification of the church type. It includes most of the characteristics of the church type but is closely related to economic and national interests, not just to the sole religious body. The state churches of some European countries would fit this type, such as the Lutheran or Anglican churches. He describes it as follows:

The ecclesia as an inclusive social structure is closely allied with national and economic interests; as a plurality pattern its very nature commits it to adjustment of its ethics to the ethics of the secular world; it must represent the morality of the respectable majority (H. Becker 1932, 628).

Cult type is similar to sect type “in its rejection of the religious patterns and formulations of denominations” (Johnstone 1975, 102). However, it is different from the sect type in that it tends to seek for the new instead of a return to the original religion. In a sense, it is very close to the mysticism of Troeltsch in that it is a small religious group but lacking in organization and emphasizing personal religious experience. Just as with sects, cults can be developed into denominations. The best examples are the Church of Jesus Christ of Latter-day Saints, Christian Science, and the Nation of Islam. Since Becker, the concept of cult has been further developed and subdivided by many other sociologists, such as Roy Wallis, Rodney Stark, and William Sims Bainbridge.

***Yinger’s Typology: Universal Church, Ecclesia, Denomination, Established Sect, Sect, and Cult***

John Milton Yinger (1946) developed Niebuhr and Becker’s ideas in more detail by subdividing the previous typologies into six types: 1) cult, 2) sect, 3) established sect, 4) denomination, 5) ecclesia, and 6) universal church. Unlike Becker, Yinger subdivides church type into two different subtypes in terms of universality: universal church and ecclesia. The former type is “truly all-embracing of the religious organization and expression in the society” (Johnstone 1997, 89). This type has a very close relationship with the political and economic structures of the society. The medieval Roman Catholic Church of the 13<sup>th</sup> century, Yinger argues, is one of the best examples in this category

(1970, , 257). The latter type is not entirely different from the universal church type. However, it is less successful in achieving universality or incorporating diversity (Yinger 1946, 21). Of course, it is still a church but “does not have such full support from all levels of the society” (Johnstone 1997, 90). Yinger describes this type as “a universal church in a state of rigidification” (1970, , 262).

In addition, Yinger attempts to split sect type into sect and established sect. In the second and third generations after religious founders, the sect type may be transformed to become unlike the original form. When it becomes more fully adjusted to the social situation and gradually takes on the characteristics of the church, Yinger calls this type an established sect type (1946, 22).

### ***Economic Approach to Institutional Religious Forms***

Based on the above classifications, economists of religion too have attempted to redefine types of religious form. For instance, Stark and Bainbridge define magic, sect, church, and cult in terms of the economic approach as follows:

Def.52 Magic refers to specific compensators that promise to provide desired rewards without regard for evidence concerning the designated means. ... Def.56 A church is a conventional religious organization. Def.57 A sect movement is a deviant religious organization with traditional beliefs and practices. Def.58 A cult movement is a deviant religious organization with novel beliefs and practices (1987, 328).

Iannaccone (1988) also attempted to establish a formal model of church and sect. In this research, I will adopt these economic definitions based on Yinger’s terms for religious forms.

Once we accept the above definitions, we might ask the following questions: Can every religious form be explained by the economic approach? Can we really say that every form of religion follows RMM as a component of a religious market? Can the economic approach to religion be applicable to cult type or monastic religions as well? In fact, some religions, such as diffused or quasi religions, may not compete with other

religions. Even in the case of institutional religions, the religious forms do not all compete in the same level. Nevertheless, economists of religion often do not make it clear whether RMM is applicable to all kinds of religious form or not.<sup>36</sup> Therefore, I want to take a further step and suggest two propositions regarding the application of RMM in various religious forms.

A key to solving this issue is the extent of institutionalization in religious forms. One of the core assumptions of RMM is that religion is “a collective enterprise” (Stark 2006, 49). This implies that if a religion is not well organized as a collective enterprise, it is hard to apply RMM. In the case of diffused and quasi religions, for instance, it is hard to observe whether RMM can be applied, because there is no organizational structure, religious order, or even centralized system. In the case of institutional religions, by contrast, we can easily observe whether RMM is applicable, because they have organizational structures like commercial enterprises. Based on all these facts, therefore, we may produce the following proposition:

Proposition 1: the more institutionalized a religion, the more applicable the religious market model.<sup>37</sup>

A similar approach may be taken to the institutional forms of religion. In Yinger’s typology, for instance, church type religion is most institutionalized; cult type religion, by contrast, is least institutionalized. It is natural that church type is more obviously explained by RMM than is cult type. Therefore, we may infer as follows:

Proposition 2: the closer a religion to the church type, the more applicable the religious market model.

If we consider the characteristics of each type of religion, the above proposition seems to be sufficiently convincing. As Stark insists, the religious market contains “segments seeking more and less worldly versions of faith” (1985, 144). Sect type religions have an exclusive attitude toward the world and a strong desire for the accomplishment of

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<sup>36</sup> In fact, their researches tend to be focused mainly on cult, sect and church type (Stark and Bainbridge 1985).

<sup>37</sup> Nevertheless, if uninstitutional religions compete with institutional religions and even affect the existing religious market structure, they too should be considered as components of the religious market.



religious doctrines or ideologies. Church type religions, by contrast, tend to follow the worldly and pursue self-interest. Kent Miller also insists that, “Churches are more likely than sects and cults to successfully advance their interests through political influence” (2002, 448). Overall, these opposite characteristics imply that the economic approach tends to be more applicable to church type religions than to sect type religions.

We may explain the above propositions in terms of the concept of self-preservation of organization. When a religion is institutionalized or even bureaucratized, it tends to seek institutional self-preservation. This phenomenon can easily be observed in business or social organizations. In the early stage of establishment, they may have high or altruistic goals. However, the more institutionalized they are, the more motivated they are to fight for their own existence. In order to perpetuate themselves, they seek more profit or power to protect their place. Let us consider the case of KT&G [Korea Tobacco & Ginseng] Corporation. This company was established by the South Korean government in 1987, in the name of promoting the national health. Ironically, KT&G sold both tobacco and ginseng. Making tobacco more addictive was good for the company but contrary to the original purposes. However, this company followed the line of self-preservation and came to monopolize the Korean tobacco market until privatization in 2002. Similarly, religious organizations tend to engage in the same self-preservation strategies if they are in the form of institutional organizations. That is the reason why economists of religion often observe the exceptional cases of sect type religions, because they have a strong desire for accomplishment of ideology rather than self-preservation.

The above propositions can be explained in terms of morality. In general, the morality of groups tends to be inferior to that of individuals. The best example is collective egoism. People are more selfish when they are united in a group than when they are separated individually. In his book *Moral Man and Immoral Society*, Reinhold Niebuhr (1932) draws a sharp distinction between the moral and social behaviour of

individuals and of social groups. As the title implies, his thesis is that individuals can be moral, but society cannot. He says,

Individual men may be moral in the sense that they are able to consider interests other than their own in determining problems of conduct, and are capable, on occasion, of preferring the advantages of others to their own. ... But all these achievements are more difficult, if not impossible, for human societies and social groups. In every human group there is less reason to guide and to check impulse, less capacity for self-transcendence, less ability to comprehend the needs of others and therefore more unrestrained egoism than the individuals, who compose the group, reveal in their personal relationships (1932, xi).

If we apply this concept to RMM, we may think that individuals can either pursue self-interest or not. However, if they gather together and form a religious group, that group is more likely to be self-interested. Because of this tendency, RMM is more applicable to institutional type and church type religions.

### **A New Typology of Religious Economic System**

It is now time to apply the above terms and concepts to RMM. In fact, a religious economic system is very similar to a commercial economic system in that it comprises three main bodies: 1) religious consumer, 2) religious provider, and 3) government. Religious providers sell their religious commodities, such as faith, salvation, and relief. Religious consumers purchase them through religious choice, conversion, or participation. These deals between religious buyers and sellers interact to form various types of religious market structure. However, government may affect both sides, and sometimes regulates religious competition directly. For instance, if a government endorses an official religion, that religion will have an absolute advantage over others. In the extreme case, a religion might monopolize the religious market owing to the full support of the state. Sometimes governments intervene in the internal affairs of the religious market for their own profit. Just as political leaders have exploited religious organizations, so too religious leaders have availed themselves of the state. Therefore, we may regard government as the most important party among the three to determine the type of religious economic system.

Since the beginning, in fact, many economists of religion have noticed the role of government in the religious market. They often point out that state regulation is the most significant factor of religious market change. Finke insists that state regulation restricts religious competition “by changing the incentives and opportunities for religious producers (churches, preachers, revivalists, etc.) as well as the viable options for religious consumers (church members)” (1997, 50). Iannaccone, Finke, and Stark also see the role of government regulation as an important factor to “affect the producers’ incentives, the consumers’ options, and the aggregate equilibrium” (1997, 351). According to Finke and Stark:

Religious economies are like commercial economies. They consist of a market and a set of firms seeking to serve that market. Like all market economies, a major consideration is their degree of regulation. Some religious economies are virtually unregulated, while others are restricted to state-imposed monopolies (Finke and Stark 1988, 42).

Furthermore, Stark and Iannaccone indicate, “The capacity of a single religious firm to monopolize a religious economy depends upon the degree to which the state uses coercive force to regulate the religious economy” (1994, 232). Just as in the case of a commercial economic system, therefore, the religious economic system can be classified in terms of the regulation by government. According to the degree to which it is regulated by the state, I suggest a classification of religious economic system into three types: 1) Hands-on System, 2) Hands-off System, and 3) Mixed System.

### ***Hands-on System***

In the hands-on religious economic system, all religious decisions are taken by the central authorities, either religious or secular. It corresponds to the planned economic system of the commercial economy. In this type, the role of government to dominate religious markets by political or religious power is absolute; naturally, the religious market context is completely regulated by government. In the extreme case, all religious decisions are planned or made by government. According to the sociological term, this

context is the so-called “unity of religion and state” (Wach 1944). Historically, in many countries society was not separated from religion. Religion was society and society was religion. In this context, people often consider the two realms as the same thing. As history tells us, however, sacred and secular groups have often struggled to take the initiative in power. According to the types of initiative of the religion-state relation, therefore, the hands-on system can be subdivided into two types: 1) state-initiated and 2) religion-initiated type.

In the state-initiated hands-on system, government takes a strong initiative in respect to the control of the religious market; religion is controlled completely by political power. Max Weber calls this type “caesaropapism”, which refers to “the complete subordination of priestly to secular power” (1978 [1922], 1161). He gives the Byzantine *basileus* and the Protestant *summi episcopi* as examples of this type. The case of North Korea would be another example. Until the early 1960s, North Korea had been a religious plural context, in which coexisted many religions, such as Buddhism, Christianity, Confucianism, Korean shamanism, and Chondogyo<sup>38</sup>. In 1948, the North Korean government guaranteed religious freedom to all religious organizations. Article 14 of the 1948 Constitution of the DPRK noted that “Citizens shall have the freedom of religious belief and of conducting religious services” (Scalapino and Lee 1972, 1321). In 1972, however, the North Korean government added a new article, on the freedom of antireligious propaganda.<sup>39</sup> In this article, North Korea declared that people have not only religious liberty but also the freedom to oppose religion (Article 54 of the DPRK Constitution). In practice, however, this article was abused by government to stamp out all religious organizations. Finally, the North Korean government became successful in dominating the religious market through the freedom of antireligious propaganda. Since then, all religious decisions have been taken by the state, and political leaders have had

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<sup>38</sup> A Korean indigenous and national religion based on the 19<sup>th</sup> century Donghak movement founded by Choe, Je-u in 1860. It originated from Neo-Confucianism; however, it incorporates elements of several religions, such as Confucianism, Buddhism, Taoism, shamanism, and Roman Catholicism.

<sup>39</sup> Originally, this article was influenced by the Soviet Constitution of 1936.

absolute power to control religious markets. As the result, religions are under complete control of the government.

The next type is the religion-initiated hands-on system. This type of religious economic system is another context in which there is shared identity between religion and state. However, it is different from the first type in that the religious side takes the initiative in power. In many cases of this type, religious leaders are political leaders; they control not only the religious market but also the bureaucracy. According to Max Weber, “hierocracy” or “theocracy” corresponds to this type (1978 [1922], 1159-160). In this type, the government is often called church government or religious government. We can observe many examples from the history of Christianity in Western Europe, among them Calvin’s theocracy in Geneva in the 16<sup>th</sup> century. In 1555, the Geneva city council gave the consistory the right to excommunicate offenders and decided to obey the teachings of the church. Religious leaders controlled all aspects of life in the city. Eventually Geneva became theocratic. Another example is the Vatican City State, in which the Roman Catholic Church has absolute power. The Pope, the religious leader, is the head of government and exercises legislative, executive, and judicial power over the state. We can observe similar case from other countries. The Islamic Republic of Iran also corresponds to the case of religion-initiated hands-on system. James A. Curry (1979) regards the political system of Iran as a kind of Islamic theocracy. According to the 1979 Constitution, the Islamic government has absolute power to control secular and religious authority. In all these cases, religious leaders are identical with administrative authorities and religious markets are controlled by religious government.

### ***Hands-off System***

In complete contrast to the previous type, the hands-off system is a religious economic system in which the religious market context is completely deregulated. This type corresponds to the market economic system of commercial economy. Here, state is

separated from religion and tends to deny the establishment of any religion. Government guarantees the freedom of faith and does not intervene in religious markets. In this system, therefore, all religious behaviours are conducted by the interaction of religious supply and demand.

The most notable feature of this system is the increase in religious vitality. Many researches confirm that religious deregulation increases religious vitality in the religious supply side and religious participation in the religious demand side. According to Adam Smith (1776, 740-741) and Alexis De Tocqueville ([1835] 1965, 297), for instance, religious activity is greater where religion is freer from state regulation. Finke argues the consequences of an unregulated market as follows:

CONSEQUENCES FOR THE INDIVIDUAL: 1) The individual has the freedom to choose. 2) The cost of joining a sectarian movement is not artificially inflated for existing members and potential recruits. 3) The individual becomes more active in the support and operation of the church. .... CONSEQUENCES FOR THE RELIGIOUS ORGANIZATION: 1) Religious organizations now rely on the resources of the people, not the state, to survive. 2) All religious organizations now have the freedom to operate without persecution and no religious organization is granted special privileges or subsidies. 3) Religious organizations are separated from the secular institutions of government. .... CONSEQUENCES FOR THE RELIGIOUS MARKET: 1) The regulatory agencies for religion are abolished. 2) Religious diversity and competition will both tend to increase. 3) Deregulating the market increases the level of religious mobilization (1990, 613-622).

The deregulation of religion is formed by two prerequisite conditions: 1) freedom of religious choice and 2) separation of state and religion. If these are satisfied, we can say that the religious economic system is a hands-off system. We can observe this system in many countries in the modern world. One of the best examples of religious deregulation policy is the United States of America. It is clearly stated in the U.S. Constitution that state is separated from religion and does not have any official church. Stemming originally from John Locke's (1983 [1689]) idea, this principle is enshrined in the First Amendment to the United States Constitution: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the

freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances” (The United States of America 1791). Thomas Jefferson described it as “a wall of separation between church and state” (1994 [1802], 510). Later, his phrase was quoted by the US Supreme Court, first in 1878, and then in a series of cases starting in 1947. Since the institution of the First Amendment, the U.S. government has been officially hands off the religious market.<sup>40</sup> Finke describes above process as the result of “an unlikely alliance between the rationalists and the evangelicals” (1990, 612). Of course, other countries may have religious deregulation with different origins. Nevertheless, the constitutions of many countries mandate religious freedom and separation of state and religion. We can say that all those which take a policy of religious deregulation belong to the hands-off religious economic system.

### *Mixed System*

The mixed religious economic system combines elements of the above two systems. As a compromise form, it incorporates aspects of both the hands-on and the hands-off systems. In this system, government takes a hands-off policy in some areas but not in others.

We can observe this mixed system in many European countries. Just like the United States, they allow religious liberty and try to separate state from religion. Nevertheless, they are much more willing to maintain a cooperative relationship between church and state. The Belgian Constitution, for instance, mandates freedom of religion and the separation of church and state (1994, Art 19-21). Nevertheless, as stated in the Constitution: “The salaries and pensions of ministers of religion are paid for by the State; the amounts required are charged annually to the budget” (1994, Art 181). Furthermore, this financial support is allowed only for six religions: Catholicism, Protestantism,

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<sup>40</sup> Although the separation of church and state is stated clearly in the Constitution of the United States, there is still a close relationship between state and church in American life, especially in national crises. Robert N. Bellah (1967) describes this phenomenon with the term “Civil Religion”. With a slightly different meaning, Thomas Luckmann (1967) explains it with the term “Invisible Religion”.

Judaism, Anglicanism, Islam and the Orthodox Church. Among them, Roman Catholicism plays the most important role. Similarly, Luxembourg and Germany also intervene in the religious market through the state supported system of church tax collection. Nevertheless, they guarantee the church autonomy and allow religious freedom. The United Kingdom is perhaps the best case of the mixed system. According to the Human Rights Act 1998, and the Equality Act 2010, government grants religious freedom to all. Furthermore, the Church of Ireland was officially disestablished in 1871, and the Church of Wales in 1920. Nevertheless, government is involved in religious affairs and the Church of England still plays an important role as an established religion. For instance, the British monarch is the head of the Anglican Church, and twenty-six high Church officials, known as the Lords Spiritual, have seats in the House of Lords of the British Parliament.

So far, we have discussed the types of religious economic system. As noted before, these classifications are ideal types. In practice, there is no perfect hands-on system or hands-off system. According to the international or domestic situation, sometimes governments take a hands-off policy and sometimes not. In that sense, it is not easy to determine the type of religious economic system even if a country's constitution clarifies religious freedom and separation of state and religion. Presently, the only yardstick of judgment is the degree of government intervention in the religious market.<sup>41</sup> In this research, therefore, if the government plays a large role in the religious context, I will call the religious economic system a hands-on system. Conversely, if the government plays a small role, I will call it a hands-off system.

### **A New Typology of Religious Market**

Just as in the case of religious economic system, the concept of religious market is very similar to that of commercial market. Economists of religion see the religious

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<sup>41</sup> For this, scholars have developed various indexes: such as Government Regulation Index (GRI) or International Religious Freedom Data. We will see these in the next chapter.



market as a kind of marketplace in which religious sellers trade their religious products with religious buyers according to their religious choices. Based on this basic understanding, they have developed the theory of RMM. As I pointed out before, however, they had a tendency to understand religious market as a single market and define it very narrowly. In this section, therefore, I want to update it and subdivide religious market in terms of the commercial market definition.

For the purpose of consumer protection and fair competition, Office of Fair Trading (OFT), a non-ministerial government department of the United Kingdom, defines commercial markets as product markets, geographic markets, temporal markets, and so on (Jersey Competition Regulatory Authority 2005). Because of the similarity between commercial market and religious market, we may apply the same criteria to the case of religious market definition. First, a religious market can be defined as a religious product market. In this market, each religious organization sells its own religious commodity. Second, a religious market can be defined by geographical boundary as well.<sup>42</sup> According to this religious market definition, for instance, a French religious market or an American religious market can be possible. Third, a religious market can even be defined by time or season. For instance, a religious market is often in full bloom during the special seasons of the liturgical calendar or the birthday of the religious founder. Sometimes, it is opened only for a specific time period, such as the millennium or special astronomical season. Apocalyptic movements or eschatological sects at the millennium may be the best examples. Among these definitions, the most common type that we can observe is the religious product market definition. This market can be subdivided by types of competition. McGuire (1997) classified religious competition into intra-religious and inter-religious competition. Updating this classification, Kim Jong-suh suggested four rival relationships, such as “1) non-religious, 2) extra-religious, 3) intra-religious, and 4)

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<sup>42</sup> Here, the geographical boundary does not always mean a physical space. Sometimes, it may include the hypothetical borderland in which religious organizations compete, such as cyber space or broadcasting.

inter-religious competition” (2000, 34). Among these relationships, non-religious competition, e.g. competition between democratism and capitalism, is irrelevant to religious market. In this research, therefore, I will focus on 1) extra-religious, 2) intra-religious, 3) inter-religious competitions only.

### ***Extra-Religious Market***

As noted before, previous studies tend to focus on inter-religious and intra-religious competition only. In the modern period, however, secular phenomena have emerged as functional equivalents of religion and have grown to compete with traditional religions. Therefore, it is necessary to broaden the concept of RMM and see how existing religious organizations interact with these functional equivalents of religion. For this task, I would like to apply the context of extra-religious competition to RMM and coin the term “extra-religious market” with reference to the economic and functional approach to religion. This market can be defined as follows:

An extra-religious market is the extra-religious product market in which institutional types of religion compete with uninstitutional types and functional equivalents of religion.

Here, an extra-religious product refers to a substitute for a religious product, which can be produced by uninstitutional types and functional equivalents of religion. This extra-religious competition between traditional religions and other types forms an extra-religious market.

Although the extra-religious market is a new concept, extra-religious products, such as film, music, sport, internet, and political ideology, have already been noted as powerful non-religious rivals of traditional religion throughout the world. Michael York also argues:

In today’s world, however, though globalization, capitalism, and large-scale immigration, along with the decline of traditional religious institutions, the Western individual is confronted with an awareness of religious options on an unprecedented scale. The present ‘information age’ allows a familiarity with religions and religious movements beyond that

of one's birth. Books, journals, televisions and documentaries, the internet, and so forth have increased knowledge of different spiritual practices. In today's competitive capitalistic world, they become possible options. Through gaining multiple perspectives, the religious consumer can now more easily than ever choose to become de-conditioned into a new spiritual practice of his/her society and, in some cases even, re-conditioned into a new spiritual practice of his/her own choosing (2001, 361).

Among these options, sport may be one of the best examples in a modern society. For a long time, there has been a strong relationship between sport and religion in many countries (Jarvie 2006, 256). In fact, most modern folk games or sporting festivals originated in the religious symbolism of ancient times. In the contemporary world, ironically, they imitate religion as alternative religions. Just like traditional religions, for instance, they perform the function of unifying people in a society and give meaning to their lives. Just like epic stories of religion, furthermore, sports teams have famous heroes and legends about their actions, evoke intense excitement and emotions, and provide personal or existential meanings. Fanatic sports fans also often take on religious characteristics. They carry flags, icons, and mascots and sing a supporters' song at a sporting event just like singing a hymn in church. As with religious membership, they are highly committed to their favoured sports stars. Sports arenas resemble "cathedrals where followers gather to worship their heroes and pray for their successes" (Wann, et al. 2001, 200). In this way, it is argued, sport seems to imitate the role of religion all over the world (Coakley 2004 [1978], 539-534). In fact, some sociologists and psychologists have observed this phenomenon. The sports psychologist Daniel Wann has researched the similarities between sport fandom and religion, such as "faith, devotion, worship, ritual, dedication, sacrifice, commitment, spirit, prayer, suffering, festival, and celebration" (2001, 198). Barber (2012) also argues that sport has many of the same effects on spectators as religion does. Alois Koch (2002) focuses on religious and ideological dimensions of modern sport. He regards the modern sport movement as "a secular religion", having a "totalitarian system" and "quasi-salvation functions" (2002, 101). Other scholars explain it in terms of natural religion, humanistic religion, and primitive

polytheism. More specifically, Wann (2001) coined the special term “sport religion” or “sport as religion”. Currently, this sport movement presents a challenge to traditional religions as a substitute for religion in the extra-religious market. According to some researches, there seems to be some interrelation between religious attendance rate and sport spectatorship, because “as religious attendance rates have dropped off in recent decades, interest in sport spectatorship has soared” (Barber 2009).

In a secular society, sometimes ideologies or philosophies can play a religious role and compete with the traditional religious organizations in the extra-religious market. Even worldview or value-orientation, as Luckmann insists, can perform a religious function as “an elementary social form of religion” (1967, 53). Communism is one of the best examples (Aron 1957, 265-294). John Bennett (1960) observes the resemblance between religion and communism and regards it as a functional equivalent of religion. Darwinism and secular humanism also conform to this case (Ruse 2003). Even atheism can be a functional equivalent of religion.<sup>43</sup> In fact, Berger had observed these phenomena already, and argued that:

As a result of secularization religious groups are also compelled to compete with various non-religious rivals in the business of defining the world, some of them highly organized (such as various ideological movements of revolution or nationalism), others much more diffused institutionally (such as the modern value systems of “individualism” or sexual emancipation) (1967, 135).

In a similar way, uninstitutional types of religion, such as diffused and quasi religions, can perform a religious function and compete with the traditional religions in the extra-religious market. The New Age movement is one of the best examples. This movement refers to a Western spiritual movement that “emerged in the 1970s and swept over the West through the 1980s only to subside at the end of the decade” (Melton 2000).

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<sup>43</sup> Recently, the U.S. Court (2005) decided that atheism should be protected as a religion. In 2004, Kaufman, a Wisconsin prison inmate, claimed his constitutional rights were being violated by officials who would not allow him to have a study group for atheists. In 2005, the Seventh U.S. Circuit Court of Appeals ruled that Wisconsin prison officials made a mistake because they did not recognize atheism as a religion. The court said: “Atheism is Kaufman’s religion, and the group that he wanted to start was religious in nature even though it expressly rejects a belief in a supreme being.”

This movement has inclusive and pluralistic worldview and pursue “spirituality without borders of confining dogma” (Dury 2004). Because of this pluralistic worldview, it has enormously challenged traditional religions in Western countries especially since 1980s. We may observe a similar phenomenon from other uninstitutional types of religion, such as invisible religion (Luckmann 1967), civil religion (Bellah 1967), political religion (Voegelin 1986 [1938]), and secular religions (Bailey 1998, 457). Among them, political religion is the most notable type to affect the religious market directly. In general, a political religion refers to the governmental politics or secular ideologies that “create an aura of sacredness around an entity belonging to this world and turn it into a cult and an object of worship and devotion” (Gentile 2006 [2001], 1). If they gain supreme power in a society, they often tend to dominate individual life or worldview through the prerogative right and power, just like religions. In spite of many similarities, political religion is different from civil religion in that the latter refers to the socially unifying, essentially conservative, and considerably soft type and the former assumes a more radical and even apocalyptic form. More clearly, Gentile (2006 [2001]) classifies the democratic form of the socialization of politics as a civil religion and the totalitarian form as a political religion. Marcela Cristi sees political religion as “state-directed civil religion” (2001, 135-164). The best examples of political religion are communism, fascism, totalitarianism, Nazism, and Juche Ideology of North Korea. Even though they are political ideologies, they often take on religious features as well. Keynes observes this phenomenon in Russian communism:

Like other new religions, Leninism derives its power not from the multitude but from a small minority of enthusiastic converts whose zeal and intolerance make each one the equal in strength of a hundred indifferentists.... Like other new religions, it is filled with missionary ardour and ecumenical ambitions (Keynes 1963 [1931], 297-298).

Bolshevism professed its atheism and, ironically, fought against traditional religions in the way of religions (Gentile 2006 [2001], 41). More similarly to traditional religions, Juche ideology of North Korea or Japanese imperialism have a tendency to focus on faith,

loyalty, myths, symbols, rituals, and even idolization. In comparison to “the politicization of religion”, Gentile calls this phenomenon “the sacralisation of politics” (2006 [2001], xiv-xix). Similarly, Kenneth Thompson (1988) calls the former “the political transformation of religion” and the latter “the religious transformation of politics”.

### ***Inter-Religious Market***

The inter-religious market is the most common type of RMM. In this research, I define it as follows:

An inter-religious market is the religious product market in which different institutional types of religion compete with each other and sell their own religious products.

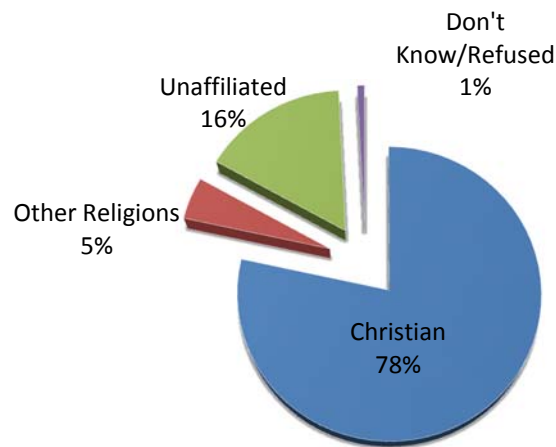
This kind of religious product market is formed by various religious products, such as Christianity, Buddhism, or Confucianism.

Cases of inter-religious market are quite common and can easily be observed from statistical information regarding religious market share. For instance, a recent survey by the Pew Forum on Religion & Public Life<sup>44</sup> shows the inter-religious market structure of the U.S. in 2007 as follows:

### **FIGURE 3 MAJOR RELIGIOUS TRADITIONS IN THE U.S. (The Pew Forum on Religion & Public Life 2008)**

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<sup>44</sup> This survey is based on interviews with more than 35,000 Americans aged 18 and older in 2007.



According to this survey, we find that Christianity, including Protestant, Catholic, Mormon, Jehovah's Witness, Orthodox and other denominations, occupies the largest percentage of inter-religious market share in the U.S. According to another survey in 2007, Roman Catholicism or Eastern Orthodox Christianity have high church attendance in the following five countries: "76% in Poland, 67% in Ireland, 55% in Greece, 47% in Portugal, and 44% in Italy" (Ontario Consultants on Religious Tolerance 2010). This statistical information shows that these denominations have the highest percentage of the inter-religious market share in the above countries. In this way, the inter-religious market can easily be observed by national census or extensive surveys regarding religious affiliation.

### **Local inter-religious market**

Inter-religious markets can also be defined by geographical boundary. Just as an international commercial market can be formed among nations, for instance, so an inter-religious market can be opened among nations. It can also be formed in a local area. In the latter case, I will call it a local religious market, defined as follows:

A local religious market is a religious geographical market where religious temples compete with each other in the local area.

In fact, Finke, Guest and Stark (1996) have used this term already in their research on religious pluralism in the empire state between 1855 and 1865. Finke also used the term in his article regarding the consequences of religious competition (1997, 52-58).

According to the religious product, a local religious market may be either local inter-religious market or local intra-religious market. The former refers to the local religious market formed by inter-religious competition; the latter to the local religious market formed by intra-religious competition.

An local inter-religious market is very common in many cities. In Pasadena in the U.S., for example, there are many religious temples, including Jewish, Hindu, Buddhist and masonic temples, and many Christian local churches, all of which compete with each other in order to attract more members. This inter-religious competition forms an local inter-religious market in the Pasadena area.

### ***Intra-Religious Market***

In a commercial economy, each product market may have its own submarkets. In *Brown Shoe Co. v. United States*,<sup>45</sup> the U.S. Supreme Court defined the boundary of a product market and submarket as follows:

The outer boundaries of a product market are determined by the reasonable interchangeability of use or the cross-elasticity of demand between the product itself and substitutes for it. However, within this broad market, well defined submarkets may exist which, in themselves, constitute product markets for antitrust purposes. The boundaries of such a submarket may be determined by examining such practical indicia as industry or public recognition of the submarket as a separate economic entity, the product's peculiar characteristics and uses, unique production facilities, distinct customers, distinct prices, sensitivity to price changes, and specialized vendors (U.S. 1962, 325).

Similarly, a religious product market may have a religious submarket in each religious organization. In this market, religious subgroups compete with each other in order to

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<sup>45</sup> Appeal from the United States District Court for the Eastern District of Missouri. Argued 6 December 1961 and decided 25 June 1962.



attract more members. I will call this religious sub-market an intra-religious market, defined as follows:

An intra-religious market is the religious product market in which various religious subgroups within the same major faith tradition compete with each other through similar but differentiated religious products.

In this market, internal subgroups sell their own religious products, which are similar but different from each other. In the beverage market, for example, Pepsi and Coke are categorized as cola drinks but do not look identical. Most consumers would prefer one of them to the other. In economics, when consumers do not think of similar products as perfect substitutes, those products are called differentiated products. In the same way, denominations or sects of an intra-religious market can be regarded as differentiated religious products.

While an inter-religious market is formed among religions, an intra-religious market is opened among internal subgroups within a religion, such as denomination, sect and cult. An intra-religious market might be more easily observed when a religion has weak solidarity, does not have a strong centralization of power, and is split into many denominations, just like spin-off companies in a commercial market. In that sense, we can say that an intra-religious market can be formed when the following two conditions are satisfied. First, a religion should be able to have its own subgroups. This intra-religious plurality or split can be caused by various factors, such as theological discrepancy, political issue, ethnicity, culture, region, or clericalism. Because of a strong solidarity, however, some strict religions do not allow any subgroups within them. In that case, it will not be possible for an intra-religious market to be formed. Second, religious subgroups, once they occur, should be able to compete with each other. If there is no competition among religious subgroups within a religion, again, no intra-religious market can be formed.

In fact, the concept of this market has already been used by several sociologists. Peter Berger was the first scholar to apply the economic approach to the intra-religious

market. In 1963, he attempted to explain ecumenicity and denominationalism within Christian groups based on the economic approach. In his book *Sacred Canopy*, he examined “the American type of denominationalism” by describing how two Protestant churches, the Presbyterian and the Methodist, compete with each other (Berger 1967, 135).<sup>46</sup> Subsequently, not only sociologists but also economists of religion have shown an interest in this market. For instance, Mark Chaves (1993) researched intra-organizational power and internal secularization in Protestant denominations. Paul Perl and Daniel Olson (2000) examined religious market share and intensity of church involvement in five denominations. More practically, Hamberg and Pettersson (1994) attempted to research intra-religious competition in contemporary Sweden. Given that there has been so much interest in intra-religious competition, it seems odd that nobody has attempted to divide religious market into inter-religious and intra-religious market.

### **Denominational Market**

According to the geographical boundary, intra-religious market can be classified into two types: 1) denominational market and 2) local religious market. The former refers to the domestic market place; the latter, by contrast, refers to the local market place of the intra-religious market. In this research, I define a denominational market as follows:

A denominational market is the intra-religious product market where denominations within a religion compete with each other.

Here, denomination refers to a subgroup of a religion, which has slightly different beliefs or styles from other groups within the same faith that operates under a common name, tradition, and identity (ElmerTowns 1973, 49). Originally, it comes from the Latin *de nominare*, which means “to name” (Daniel, et al. 1990, 350). This term was often used to denote or name something in order that it might be classified among similar others.

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<sup>46</sup> Nevertheless, he also doubted the application of the market model “for the interpretation of intra-faith cooperation, compromise, and conflict” (Berger 1963, 91). He thought that Catholics, Jews, and the Protestant camp did not compete with each other because they were outside the market (Berger 1963, 92). However his assumption has been proved false by recent researches.

After the Reformation, Christianity started to borrow this usage to distinguish the Protestant Church from the Roman Catholic Church, and it was adopted later by other religions, which also have their own denominations, reflecting a wide range of distinctive worship styles, political rules, or rituals. Even though most denominations of a religion share common beliefs and engage in similar practices, they distinguish themselves from others. A denomination is different from heresy in that it does not secede from the common religious stance or dogma acknowledged by the majority. It is also different from sect in that each denomination is a systematic organization like a political party or business enterprise. In Christianity, for instance, denominations include the Presbyterian Church, the Lutheran Church, the Methodist Church, and so on. In Judaism, there are four branches, namely Orthodox, Conservative, Reform and Reconstructionist. Islam has two main denominations, Sunni and Shia. The major denominations of Hinduism are Shaivism, Shaktism, Vaishnavism, Smartism and Halumatha. Competition among these denominations can produce a denominational market within each religion.

### **Local intra-religious market**

An intra-religious market can also be formed among religious temples in a local area. As noted before, I will call this market a Local intra-religious market. While a denominational market is a kind of religious product market, a local religious market is a religious geographical market in which local churches or temples within a religion compete with each other in the same local area. Of course, a local church or temple may compete with other local churches or temples of different religions. In that case, the market is the Local inter-religious market.

We can observe Local intra-religious markets in many urban areas. According to the Population and Housing Census of South Korea in 2000, for instance, there are 1,492 Protestant local churches in Pusan city (KOSTAT 2000). Some mega churches run commuter buses in order to attract more church members who live far away. Small

churches also launch various marketing programs for church growth. This competition among local churches forms a Local intra-religious market within the city of Pusan.

### Summary and Conclusion

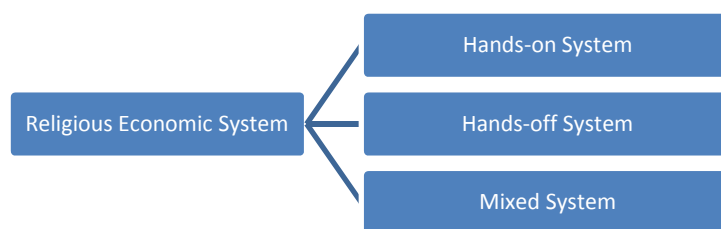
In this chapter, I have suggested new typologies of religious economic system and religious market in order to compensate for the weak points in the current religious market model. Before presenting them, I introduced some definitions related to the new typologies in terms of the economic approach: economic system, market, religion, and religious form. In relation to religious form, especially, I proposed that:

Proposition 1: the more institutionalized a religion, the more applicable the religious market model.

Proposition 2: the closer a religion to the church type, the more applicable the religious market model.

Based on the understanding of these terms, I presented a new typology of religious economic system. According to the extent of government regulation of religion, I classified religious economic system into three types: 1) Hands-on System, 2) Hands-off System, and 3) Mixed System.

**FIGURE 4**  
**A NEW TYPOLOGY OF RELIGIOUS ECONOMIC SYSTEM**



In this typology, hands-on system refers to the religious economic system whose religious markets are fully regulated or controlled by the central authorities. These central authorities may come from either religious or secular power. According to the type of central authority, therefore, I subdivided hands-on religious economic system into two

types: 1) the state-initiated, and 2) the religion-initiated. In contrast to this system, hands-off system refers to the religious economic system whose religious markets are fully deregulated. In this type, state is separated from religion and does not intervene in religious markets. A mixed system combines elements of both hands-on and hands-off religious economic systems. In this system, government takes a hands-off policy in some areas but not others.

In each economic system, there are various types of religious markets according to, for example, religious product and geographical area. In this research, I classified them according to religious product into three types: 1) Extra-Religious Market, 2) Inter-Religious Market, and 2) Intra-Religious Market. I defined each of them as follows:

An extra-religious market is the extra-religious product market in which institutional types of religion compete with uninstitutional types and functional equivalents of religion.

An inter-religious market is the religious product market in which different institutional types of religion compete with each other and sell their own religious products.

An intra-religious market is the religious product market in which various religious subgroups within the same major faith tradition compete with each other through similar but differentiated religious products.

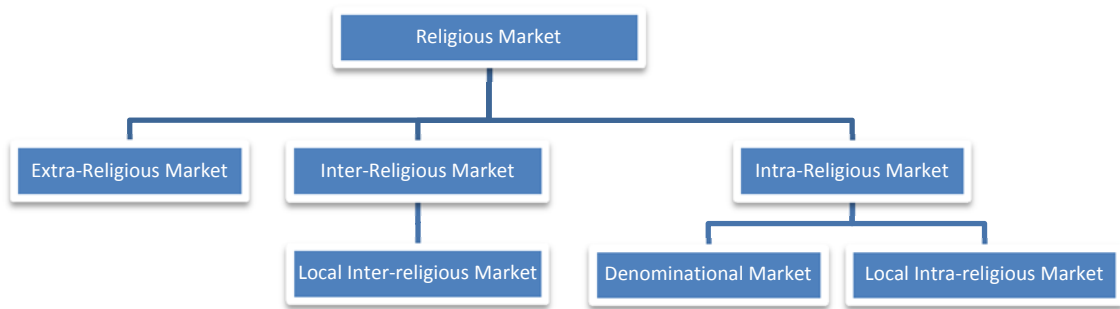
Furthermore, I added denominational market and local religious market to the above classification according to the geographical boundary.

A denominational market is the intra-religious product market where denominations within a religion compete with each other.

A local religious market is a religious geographical market where religious temples compete with each other in the local area.

## **FIGURE 5**

### **A NEW TYPOLOGY OF RELIGIOUS MARKET**



Of course, a religious market can also be classified according to its geographical boundary. In this research, therefore, I suggested a concept of local religious market, classifying it into Local inter-religious market and Local intra-religious market according to the religious product and geographical area. Furthermore, I named an intra-religious market in the domestic level as a denominational market.

To conclude, using the above typologies I attempted to extend the concept of previous RMM. In the previous RMM, although economists of religion apply economic theories to the religious context, they do not have a concept of religious economic system. Furthermore, they do not have a plural religious market concept. This limited understanding of RMM has been a weak point in describing various religious contexts. In that sense, the typologies presented in this chapter will contribute toward extending the application of RMM.

## **CHAPTER 5**

### **RELIGIOUS MARKET STRUCTURE CHANGES**

In the previous chapter, we saw how religious economic system and religious market can be classified. Just like in a commercial market, there are various market structures in a religious market. Nevertheless, the previous RMM has a limited concept regarding religious market structure. As noted before, the previous RMM theorists presume just two religious market structures: 1) religious monopoly and 2) religious free market. In fact, these are not perfect terms to describe various market structures in economics. Just like commercial markets, religious markets are not static, but change continually as a result of many social and religious factors. In some countries, the inter-religious market is lively; in others, the intra-religious market can be more active. In some cases, religious monopoly might be broken; in other cases, it can be maintained. Why and how do these market structure changes happen? In order to answer these questions, we need to update the terms of religious market structure in RMM. In this chapter, therefore, I will suggest a new typology of religious market structure. Then, I will discuss religious market changes based on this classification.

#### **A New Typology of Religious Market Structure**

In economics, market structure, also known as market form, refers to the organizational form of a market with respect to competition (Rutherford 2002 [1992]). In a commercial economic system, there are various types of market structure. According to the types of competition, economists classify them into two types: 1) perfectly competitive market, and 2) imperfectly competitive market (Bernheim and Whinston 2008).<sup>47</sup> The former refers to the hypothetical market form where no buyer or seller has the ability to influence prices. In this market, naturally, no enterprise is predominant over

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<sup>47</sup> Others describe them as 1) competitive market and 2) market failure. Here, market failure means the situation in which the perfect competition fails to be achieved.

others. However, this structure is not realistic because it is impossible for a firm in perfect competition to make any profit over economic costs. In practice, the imperfectly competitive structure is closer to the real market condition. This market too is competitive, but it is imperfect. According to the type of imperfect competition, there are various types of market condition in this market structure, including monopoly, oligopoly, oligopsony, monopoly, and monopsony.

We may adopt the above classifications for the religious market structure of RMM. Just as in the case of commercial markets, therefore, I will classify religious market structure into two types: 1) perfectly competitive religious market and 2) imperfectly competitive religious market.

### ***Perfectly Competitive Religious Market***

The perfectly competitive religious market occurs in the context of perfect competition in which no religious provider has religious market power. In this market, there are many religious consumers and providers but no religion is predominant over others.

### **Religious Free Market**

The typical market structure of the perfectly competitive religious market is the religious free market structure. Strictly speaking, however, this is an ideal structure and impossible to achieve in practice. According to the theory of the perfectly competitive commercial market, we assume: 1) no transactions costs between religious consumers and religious suppliers, 2) homogeneous products, and 3) many suppliers. However, these factors are impossible to match in the real world. In many cases, religious consumers pay more or less transaction costs to choose a religion. In some strict societies, religious consumers convert to other religions only at the risk of their lives. Furthermore, religious products are not homogeneous. Even local churches are all unique (Mackie 1970).



Moreover, religious markets have sometimes many but sometimes few religious providers. For these reasons, we may conclude that even if the perfectly competitive religious market is a beneficial model for analysing the present market status, the imperfectly competitive religious market is closer to the realistic market condition.

### ***Imperfectly Competitive Religious Market***

Usually, actual markets are situated in the context of imperfect competition, which is simply defined as “the competitive situation in any market where the conditions necessary for perfect competition are not satisfied” (Sullivan and Steven 2003, 153). In economics, there are two types of imperfect competition: 1) imperfect competition caused by selling-side and 2) imperfect competition caused by buying-side. The best examples of the former are oligopoly and monopoly. The examples of the latter are oligopsony and monopsony.<sup>48</sup>

Just like commercial markets, religious markets are situated in imperfect competition. Therefore, we can assume that the imperfectly competitive religious market may have the following market structures: 1) religious oligopoly, 2) religious monopoly, 3) religious monopsony, and 4) religious oligopsony.

### **Religious Oligopoly**

In economics, oligopoly is a market structure in which a market is dominated by a small number of firms, which together own more than 40% of the market share. In general, there are two types of oligopoly: 1) oligopoly with homogeneous products and 2) oligopoly with differentiated products (Besanko and Braeutigam 2002, 553-583). In the homogeneous products oligopoly market, a few firms sell the same products. In the differentiated products oligopoly market, a few firms sell differentiated products.

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<sup>48</sup> Some economists exclude monopoly and monopsony from this category because of the absence of competition.

In a religious market, oligopoly is a market structure dominated by a small number of religious organizations. We can observe this structure in many countries. For example, three main religions of South Korea - Buddhism, Protestantism, and Roman Catholicism – account for 52% of the total population (Korean Statistical Information Service 2005). To limit the statistics to religious people only, they have a 98% market share in the inter-religious market. The religious market structure of Japan is also a kind of oligopoly. Two major religions, Shinto and Buddhism, have a 93.8 % market share. According to the annual yearbook of Japan's Agency for Cultural Affairs, in 2006 51.1% (107 million) identified themselves as Shinto, 42.7% (89 million) as Buddhist, 1.5% (3 million) as Christian, and 4.7% (10 million) as followers of other religions (Agency for Cultural Affairs 2009).

The most typical type of oligopoly is the one with differentiated products. We may observe this type in an inter-religious market where, although a few religions dominate, they are differentiated from each other. An oligopoly with homogeneous products is formed in the intra-religious market. Under the same religion or denomination, a few subgroups, such as denominations or local churches, may dominate an intra-religious market.

The most common action in this structure is interdependent decision making, in a so-called game theoretic manner. In an oligopoly market, the behaviour of each firm directly affects the others' choice of strategy, and each firm chooses the best response to what its rivals are doing. This may lead either to intense competition among them or to cooperation through collusion or cartel. Similarly, in a religious oligopoly market, each religious organization responds to the actions of its rivals. Sometimes they compete but sometimes they cooperate, each in their own interest. Denominational split (competition), ecumenical movement of Christianity (religious cartel), or dialogue of religions (religious collusion) can all be understood in terms of this standpoint.

## **Religious Monopoly**

Monopoly is the market structure in which there is only one seller in a market. It is different from monopsony, in which there is only one buyer of a product or service. It is also distinguished from oligopoly, in which there are few sellers in a market. In this structure, there is neither competition for the good or service nor substitute goods. Therefore, the price is not set by the market as in a perfectly competitive market, but by the firm. Monopoly is formed by either internal or external factors. The best example of the former is a natural monopoly, where the largest or most advanced supplier in a market has an overwhelming cost or quality advantage over competitors. An example of a monopoly formed by external factors is a government-granted monopoly, whereby a government grants exclusive privilege to a specific firm to be the sole provider of a good or service. In this market, other competitors are excluded from the market by law or regulation. Owing to the help of government, the firm can monopolize the market without difficulty. The best examples of this kind of monopoly are copyright, patents and trademarks.

In religion too, a natural monopoly can be possible. Religious scholars may refute the argument that every religion is unique and cannot be compared in terms of cost or quality. It is true that nobody can say which religion is better. Different religions have different values. However, I am not talking here about intrinsic value, but the value in use in a society. We may compare religions in terms of religious appeal or social preference. Sometimes people are fascinated by a quality advantage of new religions. Here, quality advantage of religion refers to the preference of religious demand. For example, Stark (1997) argues that a key to the growth of Christianity in the Roman Empire was the advantage that Christianity had over paganism. Unlike other religions, women or even slaves were allowed to participate in worship. In the aspect of religious strategy, early Christianity was in a completely different class from others. While other religions fled cities during plague, Christians stayed in urban areas and cared for the sick. They did not fight, even against their persecutors. Instead, they willingly submitted to martyrdom while

praying for their captors. Stark concludes that Christianity won the religious market against others because it improved the quality of life of its adherents. This added credibility to Christian evangelism, led to a high rate of secondary conversion, and contributed greatly to the formation of religious monopoly in the period of the Roman Empire. In actual history, however, a natural monopoly is very rare because it is almost impossible to monopolize the market through the quality advantage of a religion. Finke and Stark argue as follows:

Thus, no single religious organization can achieve monopoly through voluntary assent – religious monopolies rest on coercion. By the same logic, it becomes clear that religious economies never can be fully monopolized, even when backed by the full coercive powers of the state (2003, 101).

In fact, most religious monopolies assume the form of a government-granted monopoly, made through state enforcement. Iannaccone calls this “a state-sponsored religious monopoly” (1997, 40). We may observe this structure commonly with the hands-on religious economic system, which is the religious economic system controlled by state. The best examples are Islam in the Republic of Iran, the Roman Catholic Church in the Vatican City State, and Calvin’s theocracy in Geneva in the 16<sup>th</sup> century. In those countries, there is only one religious provider, granted by government.

The most common feature in religious monopoly is the lower level of religious participation. When the government establishes a state religion with a monopoly position, religious competition will disappear. Due to the government support and lack of competition, the state religion does not have to depend on religious participation. In this context, “believers are culturally connected but not necessarily spiritually” (Chesnut 2003).

### **Religious Monopsony**

In economics, monopsony refers to the market structure in which there is only one buyer in a market. The best example of this structure is the tobacco market in South Korea.

The government, as the only buyer, buys the whole production of tobacco and protects its status as sole buyer by law. In the hands-off religious economic system, it is hard to observe this structure because governments guarantee freedom of faith. In this system, anybody can choose any religion without any restriction. In the hands-on religious economic system, however, we may be able to observe religious monopsony. In this religious economic system, government may be in the position of either religious provider or consumer. When it assumes the position of religious provider, the religious market structure of that country will be a religious monopoly. However, if the government is in the position of religious consumer, the religious structure will be a religious monopsony because government, as the sole buyer in a religious market, has the right to choose or prohibit a religion. The religious policy of North Korea shows this market structure. Just as some communist countries had done before, the government of North Korea has tried to wipe out all traces of religion. Nevertheless, sometimes the government has set up Christian churches <sup>49</sup> and attempted to participate in international religious organizations.<sup>50</sup> In the religious market of North Korea, the government is the only legitimate buyer.

In a sense, perfect religious monopsony is impossible to achieve. No matter how successfully a government can regulate the religious market, religion will be consumed covertly by individuals, just like black-market dealings. For example, even though the communist governments have attempted to prohibit religion in their nations, research and data have shown that they have failed to wipe out religious behaviour perfectly (Froese 2004).

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<sup>49</sup> For communist propaganda, for instance, the North Korean government set up Bong Su church in 1988 and Chil Gol church in 1989.

<sup>50</sup> Research has proved that the Korea Christian Federation, organized by the North Korean government, tried several times to join the WCC (Brash 1974).

## **Religious Oligopsony**

In economics, oligopsony refers to the market structure in which the number of buyers is small, while the number of sellers is large. The best example of this structure is the cocoa market. Three companies, Archer Daniels Midland, Cargill, and Callebaut, buy and process most of the cocoa beans from the farmers in West Africa, Central America, and Brazil (Hannaforde 2007, 29).

In religious economy, oligopsony is very rare. Although it is not an exact match, the Japanese religious market seems close to this case. In Shinto, the Japanese indigenous religion, there are eight million official gods, so-called *kami*. If non-official gods are included, they are said to be more than the number of population. Similarly, we may observe this market structure in hierarchical or centralized societies. In some Asian countries, for example, religion was the exclusive property of the governing class or of intellectuals. In the *Joseon* Dynasty, neither the lower classes nor women were allowed to participate in some Confucian rituals such as the memorial service. Strictly speaking, however, this structure cannot be achieved perfectly. No matter how strongly a few governing classes may monopolize it, a religion is consumed by the multitude.

## **The Factors of Religious Market Change**

Just like commercial markets, the above religious market structures are always fluid and can be changed in various ways by the result of competition or other factors. What then, are the factors that affect religious competition and change religious market structure? In a commercial market, market structure change occurs in conjunction with the interaction of government, demand, and supply. In RMM too, these are important factors to affect religious market structure. However, they do not account for other social factors, such as culture, ethnicity, and war. In the study of religious and social change, scholars classify those factors into two sides: society and religion. They argue that interaction of these two parties affects religious change. In this section, therefore, I will

examine how they are related to religious change and what aspects of them affect religious market structure change in terms of society and religion.

### ***The Relationship of Society and Religion in Religious Change***

Religious market structure change is a part of religious change. A traditional view of religious change is that religion and society are separate things. According to this perspective, religious change is frequently considered as the result of internal affairs only, such as theological debate, ecclesiastical authority struggle, and religious schism. This perspective has been taken mainly by religious historians, whose primary task is to ascertain the direct cause of a religious change. In the 19<sup>th</sup> century, however, religious sociologists started to observe religious change in terms of social change. Their primary concern was how social changes affect religious changes, or vice versa. In this view, there are two more perspectives: “1) religious change as the result of social change and 2) religious change as the cause of social change” (Yinger 1957, 265-312). The former sees religion as a dependent variable to social change. The latter sees religion as an independent variable<sup>51</sup> to social change.

### **Religion as a Dependent Variable**

The most common perspective on religious change is that it is the result of social change. This position focuses on “the impact of social structure on religion” (Johnstone 1975, 133). In this perspective, religion is usually regarded as a dependent variable to social change, which means that religion is determined by social context. In brief, this position claims that religious faith, group structure, and ritual are affected by various social contexts.

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<sup>51</sup> In general, the independent variable refers to the input variable representing the value being changed, and the dependent variable means the output variable changed whenever the independent variable is changed.

The first approach to take this perspective was religious evolutionism. In the 19<sup>th</sup> century, social evolutionists, influenced by the evolutionism of Charles Darwin, attempted to describe society by analogy with a biological organism. Based on this concept, Comte (1853) applied an evolution theory to religion in terms of positivistic order. This idea was developed by Frazer (2008 [1922]), who insisted that human society has been controlled by magic in primitive culture, religion in medieval society, and science in modern society. Whatever one may say, it is Robert Bellah who has contributed most to the theory of religious evolution. He also insisted that religion has evolved according to social changes (Bellah 1970). In his article “Religious Evolution”, he proposed five stages of religious evolution according to the development of society: “1) Primitive Religion (i.e. Native American & aboriginal), 2) Archaic Religion (i.e. ancient Greece; early Judaic), 3) Historical Religion (i.e. Roman Catholicism), 4) Early Modern Religion (i.e. Protestantism), and 5) Modern Religion” (Bellah 1964). Recently, Wilson (2002) succeeded to this tradition in terms of “the organismic concept of religious group”. In brief, the religious evolutionists think that social contexts, such as social differentiation and complexity of organization, cause religions to evolve.

Functionalists too consider religion as a dependent variable. Comte’s social organism and positivism influenced Durkheim greatly. Durkheim (2001 [1912]) understood religion as a symbol of the group’s collective life. According to him, religion is a kind of projection of society. Furthermore, he saw religion as “the way by which society’s members unite, heal their interpersonal abrasions, and sanctify their solidarity” (1969, 198). Subsequently, his successors have investigated religion in terms of social functions. They insist that each social element functions for the maintenance of society, makes a contribution to “an integral whole”, and finally proceeds toward social equilibrium (Radcliffe-Brown 1952). Therefore, it is inevitable that religion, as an element of society, is also influenced by social context. Milton Yinger, one of the representative functionalists, also supported this idea through various historical cases



such as “social change and the development of early Judaism, early Christianity and social change, and religious changes in the United States” (1957, 266-294). For this reason, Demerath and Hammond call the above perspective the “Durkheimian tradition” (1969, 198).

The functionalism outlined above, however, has a weakness in its explanation of social or religious change, because functionalists see this as a temporary stage that should be overcome someday. While functionalists have focused on social unity, therefore, conflict theorists have attempted to focus on social or religious change in terms of conflict. According to them, social structures have been formed by conflict. For example, Marx thought that economic conflict causes religious conflict. According to the deprivation-compensation theory of Glock and Stark (1965), new religious movements derive from relative deprivations in society.

Secularization theory also takes this position. According to this theory, secularization, one of the most dramatic religious changes, is the result of social changes such as differentiation, pluralization, rationalization, or “the diminution in the social significance of religion” (B. R. Wilson 1982, 149).

### **Religion as an Independent Variable**

Unlike the previous position, other scholars have insisted that religious change is the cause of social change. This position emphasizes the impact of religion on social structure (Johnstone 1975, 141). In this perspective, religion is considered as an independent variable to social change, which means that religion initiates social change. For example, McMurray argues: “The main evidence that Christianity is a real creative force in history is the pressure and the struggle to realize, by reform and revolution, a society based on the principles of freedom and equality” (1939, 69).

When religion plays the role of independent variable, religion can be a barrier to or an initiator of social change. If religion goes along with the dominant class, religion

will “structure itself more and more favorably to the hegemony of the dominant classes, and more and more unfavorably to struggles against this dominance” (Maduro 1982 [1979], 125). In this case, religion blocks social change. Functionalists also think that religion is a barrier to social change. According to functionalism, every religion tends to function in support of maintaining the harmonious equilibrium within a society. As Maduro indicates, it has been assumed for a long time that “religion is the solid stanchion of the established order, good for nothing but the ideology of the dominating class” (1982 [1979], xiii). However, others have not agreed with this idea. They see religion as an activator or initiator to change social context. According to this perspective, religions can determine or transform social context. The first modern scholar to support this perspective was Fustel de Coulanges, a French historian. In his book *The Ancient City* (1980 [1864]), he insisted that religion had an important role in the political and social evolution of Greece and Rome, bringing about social change. Later, Max Weber, a German sociologist, took this position. He also focused on religion’s role as a source of social change. For him, religion is an independent variable of society. In his book *The Protestant Ethic and the Spirit of Capitalism* (1992 [1930]), he insisted that the spirit of Protestantism gave birth to capitalism. Lenski (1961) supported Weber’s view through the empirical cases of religion’s impact on politics, economics, and family life. For this reason, Demerath and Hammond (1969) call this perspective the “Weberian tradition” (1969, 198).

### **Religion as an Interdependent Variable**

The above two positions have contributed greatly to the development of the study of religious change and social change. Just as there is something to both arguments, however, there are also weaknesses in both. The Durkheimian tradition has a tendency to overemphasize social factors and overlook the peculiar characteristics and values of religion. Conversely, the Weberian tradition tends to overemphasize religious factors. In

any religious study or social science, there is a tendency towards bias to one or the other extreme. Yinger criticized this independent-dependent dichotomy as follows:

The cause-effect, independent-dependent dichotomies, it should be noted, are exceedingly dangerous in social science, as compared with concepts of interaction and of “levels of causation,” so that we should use them carefully, fully aware of their heuristic quality (Yinger 1957, 295).

Furthermore, the moment we take one or other perspective, we are likely to fall into the problem of reductionism. For example, the Durkheim tradition tends to fall into the error of sociological reductionism in that religious phenomena are mainly analysed by social factors. Conversely, the Weberian tradition has a tendency to fall into the error of religious reductionism in that sociological phenomena are mainly explained by religious factors. To avoid this problem, we have to consider both social and religious factors, because society and religion are in an interdependent relationship.

We may find a similar idea in Durkheim (2001 [1912]). Indeed, he recognized the social origin of religion. However, he also argued that religion might act as a source of solidarity for individuals within a society. He admitted that religion provides the essential factors of society, such as a meaning for life, authority figures, social norms, social control, and cohesion. In short, he thought that society is the cause and religion is the effect. However, he also thought that religion reaffirms morals and social norms through its unification function.

A.R. Radcliffe-Brown (1952) insisted more clearly on the interdependent relationship between society and religion. Even though he maintained the structural functional view, he focused much more on the relationships among social structures.<sup>52</sup> According to him, social institutions are functionally interdependent parts of the society working as a whole. Therefore, he thought that religion might be either cause or result of social change.

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<sup>52</sup> For this reason, Radcliffe-Brown used to be considered as one of the fathers of social network theory.

To conclude, religion may act as an independent variable to initiate social change. Equally, however, society may act as an independent variable of religious change. In fact, religion and society are interrelated with each other in interdependent relationship. Therefore, when analysing religious or social changes, we have to consider both social and religious factors.

### ***Social Factors of Religious Market Change***

What then, are the social factors that affect religious change and religious market structure change?<sup>53</sup> While very many social factors affect religious change, for example media, culture, generation, ethnicity, and language, they do not all affect religious market structure change. In RMM, the strongest social factor to affect religious market structure is regulation of religion. Stark (2001) also maintains that religious pluralism will be tolerated within a monopoly environment as long as the competing religious groups are not perceived as threatening the monopoly's control of the religious market place. For this reason, Stark and Finke conclude that a major consideration in analysing religious economies is their degree of regulation (2005, 9).

Then, by what sources are religious markets regulated? In the book *Regulating Religion: Case Studies from Around the Globe*, Richard et al. introduce various cases and sources of regulation of religion (Richardson 2004). The "International Religious Freedom Report"<sup>54</sup> classifies them into three types: 1) government regulation, 2) government favouritism, and 3) social regulation. In this section, I will add social favouritism to this list.

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<sup>53</sup> Here, social factors can be defined as the social influences that form or affect religious beliefs and attitudes in a social environment, such as "parental teaching, social traditions, and the pressures of the social environment towards conformity with the opinions and attitudes approved by that environment" (Thouless 1971, 16).

<sup>54</sup> This report has been submitted to US Congress annually by the Department of State since 1998. Every year, it provides each country's religion indexes regarding religious freedom and is often used to supplement the Human Rights Reports with respect to matters involving international religious freedom.

## **Government**

Just as in commercial economies, government plays the most important role in determining not only religious economic system but also religious market structure. According to the role of government, various religious market situations can be formed. Stark describes the role of government in the religious market as follows:

1. If government regulation of religious markets suppresses competition, the authorized religious groups will make little effort to attract rank-and-file support or to meet religious “demand.” 2. Moreover, the authorized churches will tend to be controlled and staffed by careerists, who are often quite lacking in religious motivation. 3. The net result will be widespread public religious alienation and apathy. 4. In addition, lacking effective religious socialization and congregational support, religious beliefs will become tentative, vague, and somewhat eclectic. 5. However, deregulation will (at least eventually) produce a religious revival. As religious organizations begin to compete for public support, participation in organized faiths will rise, and religious beliefs will become more clearly defined and widely held (2006, 64).

Government influences religious market structure through two ways: 1) government regulation of religion, and 2) government favouritism of religion. Sometimes government regulates religious market structure through aggressive policies, while sometimes it deregulates the religious market through freedom of religion and separation of religion and state. Sometimes government can give special favour to a specific religion.

### ***Government Regulation***

In their study “International Religion Indexes”, Grim and Finke define government regulation as “the restriction placed on the practice, profession, or selection of religion by the official laws, policies, or administrative actions of the state” (2006, 7).

How then, do we know and measure this government regulation of religion? Recently, American sociologists of religion have developed various scales to compare the degree of religious freedom and government regulation among nations. Based on the scale devised by Chaves and Cann (1992) to measure state regulation of religion, the U.S. State Department prepared its International Religious Freedom Report in 2002. More recently,

Norris and Inglehart propose another scale, the “Religious Freedom Index”, to focus on “the relationship of the state and church, including issues such as whether the constitution limits freedom of religion, whether the government restricts some denominations, cults, or sects, and whether there is an established church” (2011, 52). All these methods allow us to measure the degree of religious freedom in each nation. According to the International Religious Freedom Report of 2005, Maldives, Saudi Arabia, and Turkmenistan scored 10.0, the highest value of Government Regulation Index (GRI), while Brazil, Japan, Spain, and another 38 countries scored 0.0, the lowest value of GRI (The Association of Religion Data Archives 2005a). Furthermore, this report classifies government regulation of religion into five categories:

1) Totalitarian or Authoritarian Actions to Control Religious Belief or Practice, 2) State Hostility Toward Minority or Nonapproved Religions, 3) State Neglect of Societal Discrimination or Abuses Against Religious Groups, 4) Discriminatory Legislation or Policies Prejudicial to Certain Religions, and 5) Denouncing Certain Religions by Identifying Them as Dangerous Cults or Sects (U.S. Department of State 2005).

Of course, some countries could be listed in more than two categories. Strictly speaking, we can say that government regulation of religion is one of the ordinary policies of governments over the world.

### ***Government Favouritism***

Government may also intervene in the religious market through religious favouritism. Grim and Finke define this as “subsidies, privileges, support, or favourable sanctions provided by the state to a selected religion or a small group of religions” (2006, 7-8). According to the International Religious Freedom Report of 2005, Northern Africa and Western Asia scored 7.6, which is the highest value of Government Favouritism Index (GFI) (The Association of Religion Data Archives 2005b).

Overall, government regulation and favouritism foster unfair competition among religions. In some countries, government prohibits missionary work of other religions. In

the case of communist countries, religious works are either prohibited or restricted within narrow limits. All these contexts lead a religious economy into an unfair market structure. To consider all these in the religious market structure, therefore, we may make the following proposition.

Proposition 3: The more regulated or favoured by government a religious market is, the more imperfectly competitive religious market structure tends to be.

To the degree that a religious market is regulated or favoured, it will tend to be religious oligopoly or religious oligopsony. If the government regulation is extremely strict, the religious market structure will be either religious monopoly or religious monopsony.

Conversely, if there is no government regulation or favouritism, religious providers will be able to participate in free competition impartially. Therefore, the following proposition can be deduced:

Proposition 4: The less regulated or favoured by government a religious market is, the more perfectly competitive religious market structure tends to be.

Religious plural context is the most common structure in this situation. Finke argues that religious pluralism is one of the natural consequences of religious deregulation (1990, 610). Based on this idea, furthermore, he formulates that religious deregulation tends to increase “religious diversity and competition” (Finke 1990, 621). Stark proposes a similar formula: “To the degree that a religious economy is unregulated, it will tend to be very pluralistic” (1997, 17). Therefore, we may conclude that religious plural context, caused by religious deregulation, contributes largely to religious revival in the religious market. Finke supports this idea with three historical cases: 1) the Second Great Awakening in America, 2) *kamigami no rasshu awa*<sup>55</sup> in Japan, and 3) the flowering of new religions of South Korea after the liberation from Japanese rule and Japanese religious restrictions (1997, 48-49). According to him, these are all the results of religious deregulation.

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<sup>55</sup> It means “rush hour of the gods”. In this period, “new religions rose like mushrooms after a rainfall” (McFarland 1967).

## **Society**

Like government, social culture too may affect religious market structure. In some societies, social culture is strongly bonded to a specific religion and tends to exclude other religions. We may classify this case into social regulation and social favouritism.

### ***Social Regulation***

Grim and Finke define social regulation of religion as “the restriction placed on the practice, profession, or selection of religion by other religious groups, associations, or the culture at large” (2006, 8). In many cases, social regulation is embedded in society as a form of pervasive norms or cultures. It regulates religious markets covertly as a form of hostility in the culture towards non-traditional religions, hostility towards conversion to other religions, or hostility towards proselytizing. Grim and Finke also indicate that, “Although not holding the formal power of state sanctions, they can be equally restrictive of religion, can have equally powerful effects on other social actions, and often can originate from the religions themselves” (2006, 3).

Even though social regulation is embedded in society, it plays an important role of regulating individual religious choice. In some contexts, it goes beyond even government regulation. The International Religious Freedom Report made the Social Regulation Index (SRI) in order to measure the extent of social regulation of religion in different countries. According to this report in 2005, for example, South-Central Asia scored 8.1, the highest value of SRI (The Association of Religion Data Archives 2005c). Just as with government regulation, social regulation also produces unfair competition among religions by blocking the entry of new religions. Overall, social regulation of religion tends to make a religious market into an imperfectly competitive market structure.

### ***Social Favouritism***

Many societies have their own indigenous traditions or value systems in religion and culture. Sometimes they can afford to give special favour to a specific religion. In



Asian countries, for example, there is social favouritism for Buddhism; in Europe, for Christianity. If a society has a strong social favouritism of religion, barriers to religious market entry tend to be high. In this case, the traditional religion has an advantage over others and the existing market structure will not be changed. What if there is a low social favouritism of religion? In this context, we may assume that people prefer religious heterogeneity in a society. If there is no government regulation as well, religious market structure is likely to be changed into religious plurality.

After all, social regulation and favouritism also foster unfair competition among religions. All these contexts lead a religious market context into an unfair market structure. To consider all these in the religious market structure, therefore, we may make the following propositions.

Proposition 5: The more regulated or favoured by social culture a religious market is, the more imperfectly competitive religious market structure tends to be.

Proposition 6: The less regulated or favoured by social culture a religious market is, the more perfectly competitive religious market structure tends to be.

## **Social Type**

Does every society have regulation or favouritism of religion? Why is social regulation of religion strong in some societies but not in others? Sociologists insist that the extent of social regulation of religion differs according to the type of society. In some countries there is a strong social regulation, but not in other countries. In that sense, social type can be one of the strongest factors to affect religious market structure.<sup>56</sup>

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<sup>56</sup> In fact, Stark and Bainbridge also noticed it. They focused more on the relationship between social type and scope of the gods, arguing that “P60 The older, larger, and more cosmopolitan societies become, the greater the scope of their gods. .... P61 As societies become older, larger, and more cosmopolitan they will worship fewer gods of greater scope” (Stark and Bainbridge 1987, 86). However, they did not go further into the matter.

### ***Social Regulation in Community***

Ferdinand Tönnies (2002 [1887]) classified society into two types: 1) *Gemeinschaft* (often translated as community) and 2) *Gesellschaft* (often translated as society). *Gemeinschaft* is characterized by “a sense of all-embracing, undifferentiated, and unified belongingness in a particular group of people” (Tönnies 2002 [1887], 37-64). In this type, social order is maintained by mechanical solidarity and individuals are oriented to the large association as much if not more than to their own self-interest. The best example of this type is the family. In this type, we may often observe strong social regulation of religion because religious choice is often restricted by enforcement of others in the community. This kind of social regulation increases the barriers to entry of new religions and makes religious competition in the religious market unfair. Naturally, voluntarily or not, religious consumers tend to persist in the traditional religion and to be exclusive toward new religions.

Proposition 7: If social order is maintained by mechanical solidarity, religious market structure tends to be imperfectly competitive and to maintain the status quo.

### ***Social Deregulation in Society***

*Gesellschaft* is characterized by people being related to each other only partially, in particular roles, typically in the form of contractual arrangements (Tönnies 2002 [1887], 64-102).<sup>57</sup> In this type, social order is maintained by organic solidarity and individuals are connected to associations by their own self-interest. Naturally, there is generally less individual loyalty to society and secondary relationships are more important than familial or community ties. A good example would be a company. In this type, religious organizations and believers act like secular firms and buyers. Unlike *Gemeinschaft*,

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<sup>57</sup> In fact, Durkheim’s social solidarity theory is very similar to the theory of Tönnies. In *The Division of Labor in Society* (1997 [1893]), he describes how social order is maintained, especially with the shift from primitive societies to advanced industrial societies. According to him, mechanical solidarity allows social order to be maintained in primitive society and organic solidarity allows social order to be maintained in advanced societies. Here, mechanical solidarity is similar to Tönnies’ concept of *Gemeinschaft* theory and organic solidarity is similar to the concept of *Gesellschaft* theory.

religious choice is not enforced by others. Just like in a commercial company, self-interest of individuals is a very important motivation for religious behaviour. The self-interest motivation in *Gesellschaft* diminishes the religious customers' loyalty to the traditional religion. They do not have any obligation to follow their parents' religion or a state religion, but are free to choose for themselves according to their own interest. As a result, social regulation of religion, which has been formed by community in the context of *Gemeinschaft*, tends to be lessened in *Gesellschaft*. This allows fair competition to religious organizations in the religious market.

Proposition 8: If social order is maintained by organic solidarity, religious market structure tends to be perfectly competitive and plural.

A transition period from *Gemeinschaft* to *Gesellschaft* is more complicated. As Tönnies and Durkheim observed and predicted, Western countries have experienced various transient phenomena from mechanical solidarity in *Gemeinschaft* to organic solidarity in *Gesellschaft*. According to Durkheim (1997 [1893]), this massive shift may bring about major disorder, crisis, and anomie in society. In a religious market, this anomic context often breaks the norms or the shared values that traditional religions have provided.<sup>58</sup> As a result, religious customers' loyalty to the traditional religion is decreased, and barriers to entry of new religions to the religious market are lowered (Durkheim, Suicide 1951 [1897]). Religious customers withdraw the legitimacy of the traditional religious system, making it easy to collapse the existing religious structure. The most common phenomena in this case are intra-religious split and new religious movement. James A. Beckford also insists that "rapid social change in the twentieth century is associated with the rise of a large number of new religious movements" (1986, xv). In *New Religious Movements and Rapid Social Change*, Beckford and his co-authors support this idea through many historical cases, as follows:

It is not surprising that the Caribbean, India, Iran and Sri Lanka have spawned large numbers of religious movements in areas where social

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<sup>58</sup> For this reason, Stark and Bainbridge define anomie as "the state of being without effective rules for living" (1987, 217).

change in the twentieth century has been rapid. For the most part, however, they are modifications of existing religious practices. This was also found to be true of the new religions of Japan, which began to emerge in the mid-nineteenth century. This situation in urban centres of Nigeria and the Republic of Korea, however, is different, in the sense that a more thoroughgoing disruption of premodern forms of social and cultural life has created the conditions in which religious movements of a Christian and less traditional form have flourished. The cases of North America and Western Europe are characterized, above all, by variety: religious movements of many kinds have proliferated since the second world war. Some are modifications of Christian and Jewish practices, but others are either syncretistic or radically novel. This variety is to be expected in segments of societies and cultures which are markedly differentiated and fragmented in complex ways (Beckford 1986, xii).

Because of this rapid social change, after all, the existing religious market will be open to new religions and its structure can be changed dramatically. Therefore, we may come to the following proposition:

Proposition 9: In the anomic context, religious market structure is apt to be changed.

We may observe the above phenomena in the case of the Korean Protestant Church. In the modern period, Korean society has changed rapidly, from *Gemeinschaft* (mechanical solidarity) to *Gesellschaft* (organic solidarity). Because of this rapid social change, the existing religious monopoly collapsed and new religions have flooded in.<sup>59</sup>

### ***Religious Factors of Religious Market Change***

The above social factors affect the religious market structure from the outside, by regulation of religion. According to the extent to which social factors pressure the religious market, religious market structure varies from imperfectly competitive to perfectly competitive.

In the case of religious factors, market structure is determined by: 1) religious demand, and 2) religious supply. In contrast to the social factors, they have a tendency to deregulate the religious market and make it into a perfectly competitive market structure. In practice, however, they are in an imperfectly competitive religious market structure

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<sup>59</sup> We will observe this phenomenon in more detail in the application part of this research.

according to the result of interactions between religious providers (supply side) and consumers (demand side).

### **Religious Provider**

In commercial markets, various factors of the supply side affect the market structure, for example quality, price, distance of market from locality, number of firms, firm's ease of entry and exit, and forms of competition. Similarly, in religious markets, market structure can be affected by factors such as number of religious providers, "price of salvation" (Burger 2008), and "religious capital" (Stark and Finke 2000, 120). Among them, the strongest factor to affect religious market structure is the extent of membership maximization of religious providers.

### ***Membership Maximization***

One of the most basic assumptions of the economic approach to human behaviour is that of "maximizing behaviour", which is often related to "the utility or wealth function of the household, firm, union, or government bureau that is maximized" (G. S. Becker 1976, 5). In a religious market, we may represent it as maximizing behaviour for larger membership. Most religious providers seek membership maximization in order to accomplish religious mission or spread their religious founder's teachings. They prefer more followers rather than fewer. Of course, they also pursue more rather than fewer resources. Membership and resources are closely related. As Chesnut explains: "A larger membership base means more souls saved and greater resources for the spiritual organization, which must depend on tithes and donations from believers in the absence of state subsidies" (2003, 11). Therefore, we may assume that religious providers wish to occupy more market share in a religious market. According to propositions 1 and 2, the closer to the institutional and church type they are, the more valid this assumption will be. The desire of each religious group for membership maximization tends to accelerate

religious competition, which will affect religious market structure. Based on this fact, we can draw the following proposition:

Proposition 10: The more enthusiastic a religious provider is, the more market share it occupies in a religious market.

If there is no competition among religious providers, religious market structure will not be changed. However, if religious competition is very high in a religious market, religious market structure is very likely to be changed because, to maintain or increase the percentage of market share, all religious providers have to develop better religious service or product, dispatch missionaries, and set up new local churches. This competition contributes to enlarging the overall size of religious market. Finke and Stark argue:

Where many faiths function within a religious economy, a high degree of specialization as well as competition occurs. From this it follows that many independent religious bodies will, together, be able to attract a much larger proportion of a population than when only one or very few firms have free access (Finke and Stark 2005, 11).

Hence, religious competition affects religious market structure. If there is no regulation in a competitive religious market, that market is changed by the result of religious competition among religious providers.

It is true that, as noted before, not every religion is competitive for membership maximization. Just as there are non-profit enterprises<sup>60</sup> in commercial markets, so there are non-competitive religions in a religious market, such as diffused religion, civil religion, invisible religion, quasi religion, or pseudo religion. Some religions compete with other religions, but others may not. Some religions are organized like firms but others are not. As we discussed in propositions 1 and 2, however, institutional types of religion, specifically church type religions, tend to be more competitive for membership maximization. In that sense, we may conclude that the extent of religious competition is

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<sup>60</sup> Examples are charity shops and social enterprise. The purpose of these enterprises is not maximizing profits but maximizing improvements in human and environmental well-being (Ridley-Duff and Bull 2011).

closely related to the type of religious provider. Therefore, we may develop propositions 1 and 2, to formulate the following:

Proposition 11: The more institutionalized religions are in a religious market, the more competitive a religious market tends to be.

Proposition 12: The closer to the church type religions are in a religious market, the more competitive a religious market tends to be.

Not only religious type but also theology of religion can play an important role for religious competition. Some missionary religions,<sup>61</sup> such as Christianity, Islam, or Buddhism, have a strong desire for membership maximization. If they compete with each other in the same religious market, that religious market tends to be more highly competitive. Therefore, we may produce another proposition as follows:

Proposition 13: The more missionary religions are in a religious market, the more competitive the religious market tends to be.

Sometimes religious competition itself tends to change the form of religion. Stark (2006) argues that religious competition drive organized religions to fail or to be transformed into congregational religion. Some economists of religion also argue,

The religious economy model predicts that when encountered with competition, loosely organized religions will fail or will be transformed into congregational religions. Over time, competition will drive congregational religions to establish an extended relationship with their consumers by generating exclusivist claims and exclusivist socialization. And thus exclusive religion tends to occupy the biggest market share (Lu, Johnson and Stark 2008, 139).

It is still debatable whether exclusive religions tend to occupy the biggest market share or not. However, it is true that competition drives religions into exclusive and institutional types of religion.

Once religious competition becomes excessive, it often produces religious conflicts. Sometimes, these conflicts change the existing religious market structure; sometimes, they form another religious market, such as an intra-religious market, by

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<sup>61</sup> In this research, I will refer to this type of religion as having the internal dynamics and strong desire for expansion and diffusion.

denominational split. Of course, religious conflict can be caused by various reasons, such as ideological, ethnic, or political issues. In a religious market, however, most conflict is related to the cutthroat competition among religious organizations for membership maximization. Georg Simmel (1955, 69-71) and other conflict theorists have observed this phenomenon already. According to them, the pursuit of membership maximization produces religious competition. It brings about inequality in resource distribution in a religious market. Religious tension or conflict is generated by a natural process of this inequality. The conflict theorists insist that the pursuit of “collective interests” and the “distribution of scarce resources” create various types of conflicts (Turner, *The Structure of Sociological Theory* 2003, 133). Otto Maduro (1982 [1979]) regards it as “religious interest”. In the case of religions in a monopolistic position, it may be described as “reproduction of the structure of (established) religious power” (Maduro 1982 [1979], 104). Overall, this religious conflict tends to make religious market structure livelier and more perfectly competitive.

### **Religious Consumer**

New paradigm theorists focus mainly on the role of the religious supply side in religious change. Because religious demand is constant, the role of the religious demand side is often ignored in RMM. According to the proposition of Stark and Finke, for example, most people have a tendency to stick to their traditional religion in normal circumstances (2000, 119). Nevertheless, it is also true that people switch their religion. As rational human beings, they perform religious choice optimally. In some cases, massive religious switch in a society can change the existing religious market structure.

### ***Optimized Religious Choice***

Religious consumers affect religious market structure by exercising religious choice. Here, religious choice refers to religious affiliation and switching. According to



Stark and Finke (2000), there are two types of religious switching, conversion and reaffiliation. They define the former as “shifts across religious traditions” and the latter as “shifts within religious traditions” (2000, 114). In a religious market, latent consumers in a society influence religious market structure by religious affiliation. Existing members within a religious market affect religious market structure by remaining in their religion or switching to another religious provider.

Then, why do people switch their religion? As Stark and Finke argue, “under normal circumstances, most people will neither convert nor reaffiliate” (2000, 119). Under special circumstances, however, they affiliate, convert, and reaffiliate. In this case, social change may be a cause, or a result of the decision to change religion. In terms of social structure, as noted before, large-scale religious switching is closely related to the social type. In *Gemeinschaft*, for example, religious conversions are comparatively rare; in *Gesellschaft* or transition period, by contrast, religious switching tends to be more frequent. In terms of individual cases, it is not easy to find out all the factors of religious switching because of the complexity of individual religious behaviour. Some scholars regard “parents’ successful transmission of religious beliefs and practices” as a decisive factor (Sherkat and Wilson 1995); others point to childhood socialization (Sherkat 1991) or marriage (W. C. Roof 1989).

In the economic approach to religion, the first attempt to explain religious change was made by Stark and Glock (1968). They insist that people switch from theologically conservative to theologically liberal denominations or religions. However, this proposition was refuted by Kelley (1986). He argues that conservative churches are growing more than liberal churches. Similarly, Iannaccone (1994) also argues that strict churches are more likely to grow than liberal churches. In this argument, they regard the kind of religious product as a main motive for religious switching. Stark and Finke approach religious switching from the view of RCT. According to them, people conserve or convert their religious traditions in terms of their social or religious capital. Based on

this concept, they produce the following proposition: “Proposition 34: the greater their religious capital, the less likely people are either to reaffiliate or to convert” (2000, 121).

More recently, economists of religion have explained it in terms of religious taste. Under normal circumstances, an individual may wish neither to convert nor to reaffiliate. However, the sum of individuals, namely, the religious demand side, desires religious diversity if there is no regulation of religion. According to the traditional perspective (Durkheim 2001 [1912]), religious homogeneity strengthens social ties, makes a society stable, and increases religious involvement. Roof (1978) also supports this position through the cases of religious involvement in rural areas. These scholars conclude that religious monopoly enhances religious participation but religious diversity weakens it. However, this position was later overturned by Stark and Finke (2000). They insist that it is not religious monopoly but religious plural context that enhances religious participation, considered in relation to that of the religious market as a whole. Finke presents the proposition that: “To the degree that a local religious market is competitive and pluralistic, the level of religious participation will tend to be high” (1997, 56). According to Warner (2002), religious monopoly restricts religious choices of the demand side. Naturally, this context produces a surplus unmet demand in a society. Based on this perspective, Wortham (2004) suggests the concept of “Baskin Robbins Effect”, whereby a competitive religious market has a tendency to provide more choices to satisfy religious tastes. This is similar to a commercial situation in which customers prefer an ice cream store to offer more flavours rather than fewer. Likewise, religious markets are composed of various segments having different needs, tastes, and expectations. The religious demand side wishes to have more choices in a society because, as Finke and Stark (2003) insist, no single religious firm can satisfy all the religious needs or tastes. Of course, the desire for more choice affects religious market structure change. If people seek for more choices, it is natural that the religious market structure will be a religious plural context.

Proposition 14: The more choices the religious demand side desires, the more perfectly competitive a religious market.

This proposition implies that a religious monopoly will inevitably fail if there is no regulation from the outside of the religious market. In fact, perfect monopoly in a religious market is hard to achieve. In medieval Europe, for example, many countries were monopolized by Roman Catholicism. Anyone who deviated from orthodoxy was subject to punishment or even execution. Nevertheless, perfect monopoly was not achieved. The medieval Catholic Church was beset by dissent and heresy from all sides, even though it had the strongest monopolistic power (Lambert 2002 [1977]). Even if a religious organization is supported by the full coercive powers of the state, Finke and Stark (2003, 101) insist that religious monopoly cannot be achieved. They argue:

At the height of its temporal power, the medieval church was surrounded by heresy and dissent. Of course, when representative efforts are very great, religions in competition with the state-sponsored monopoly will be forced to operate underground. But whenever and wherever repression falters, lush pluralism will break through (2006, 10).

Therefore, we may produce another proposition as follows:

Proposition 15: If there is no government or social regulation, a religious market cannot be fully monopolized because of the divergent tastes of religious consumers in society.

Overall, diversity of religious choice, as economists of religion argue, enhances religious vitality in a religious market. Swatos and Christiano support this idea using the metaphor: “people who order meals à la carte often actually spend more than they would have if they bought a prix fixé meal” (1999, 222). If so, was Durkheim wrong? Does religious plural context really enhance religious participation and social stability? The debate on religious homogeneity and heterogeneity has missed out something important. There has been no consideration of social types in the debate. As noted before, there are different levels of social favouritism of religion according to different social types. The traditional perspective is valid for rural areas (W. Roof 1978); the new perspective, by contrast, is more applicable to urban areas (Wortham 2004). Therefore, in some social types, religious monopoly enhances social stability and religious participation; in other social types, religious plural context enhances religious involvement.

### ***The Interaction of Social and Religious Factors***

Just like commercial market structure, religious market structure is determined by the extent of regulation of religion and the interaction between supply and demand. Particularly in the absence of external regulation, this interaction tends to drive religious market context toward religious market equilibrium.

#### **Religious Market Equilibrium**

In economics, there are two fundamental principles of micro-economic analysis: 1) optimization principle and 2) equilibrium principle (Varian 2005, 288). As we saw in RCT, people choose their consumption optimally according to their budget. Firms also act optimally for profit-maximization. Market equilibrium is the point at which these optimized behaviours meet in the market. Market price and market structure are determined by the process of this market equilibrium.

Market equilibrium is also an important principle of the economic approach to human behaviour (G. S. Becker 1976). Every condition in human life tends to be equilibrated. This idea is similar to that of game theory.<sup>62</sup> The primary task of game theorists is to find equilibria in various game situations, which are optimized strategies each player has adopted. We can observe the same mechanism in the religious market. All participants in a religious market make the best decisions to the best of their ability. For example, government makes the best decision on whether to regulate or deregulate the religious market. Religious providers try to make the best decision for religious freedom or membership maximization. Religious consumers wish to conserve or switch their own traditions. Social culture tends to regulate, favour, or deregulate religious markets. All these decisions are likely to meet at a certain point to make an optimized

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<sup>62</sup> In brief, game theory is the scientific and mathematical study of games, where participants can experience gains and losses according to their actions or choices (C. Schmidt 2002 [1995]). Game theorists have applied it to various strategic situations where, just like in the case of games, participants' choices depend on the choices of others.

equilibrium. Religious market structure will be formed at this religious market equilibrium.

### **Religious Market Change**

As noted before, there are three types of religious market: 1) extra-religious market, 2) inter-religious market, and 3) intra-religious market. These markets are not static but are constantly changing according to social and religious factors, as discussed before. Furthermore, they are interrelated with each other and may affect other religious markets. According to the market structure change in each religious market, for instance, sometimes the inter-religious market is lively; sometimes, the intra-religious market is livelier. Let us examine how each religious market is changed according to various religious market structure situations.

#### ***Extra-religious Market Change***

In the extra-religious market, as noted before, religions may compete with non-religious rivals. Some of these competitors are “highly organized”, for example evolutionism, “nationalism”, or communism; sometimes they are “much more diffused”, such as “individualism”, holidays or sports (Berger 1967, 135). For example, communism has been one of the strongest non-religious rivals of the Protestant Church in North and South Korea. John Bennett also observes this phenomenon during the cold war. He regards communism as a functional equivalent of religion and argue as follows:

Communism has been strong where Christians and churches have often been weak, in providing a means of changing unjust institutions in the interests of their victims. Communism is weak in not foreseeing the extent of the new forms of oppression to which its own program gives rise, and this weakness, on the deepest level, is religious (1960, 20).

In the U.K., during the Premiere League season, football could be a non-religious rival to affect the rate of church attendance. Even summer holidays function as a non-religious rival to affect religious market. In these periods, for instance, American churches or

Korean Buddhist temples often run off various summer programs, such as summer Bible school, youth clubs, and summer temple stay, to maintain levels of religious attendance.

Then, how do these non-religious rivals affect religious market? Houtman and Mascini (2002) note the rise of New Age movement in the Netherlands and ask the following question: “Why Do Churches Become Empty, While New Age Grows?” They conclude that a process of individualization has caused the decline of the Christian churches and the rise of New Age movement since the 1960s. However, they do not consider the competition between New Age movement and Christian churches into the change of religious market structure. In general, the extra-religious market tends to be lively when there is a cheaper and more efficient alternative to religion in a society. Stark and Bainbridge suggest the following proposition: “P58 People will not exchange with the gods when a cheaper or more efficient alternative is known and available” (1987, 83). If these alternatives become more powerful in a society, they may affect the existing religious market structure as a kind of either 1) social regulation of religion, or 2) social favouritism of religion. If they work as social regulation of religion, as with an anti-religious movement or communism, we may observe a decline of the inter-religious and intra-religious markets. Even if non-religious rivals afford favour to a specific religion, they are likely to shrivel existing religious markets because of the imperfect competition among religions. We may summarize this point as follows:

Proposition 16: The more powerful non-religious rivals are in the extra-religious market, the less lively inter- and intra-religious markets tend to be.

Houtman and Mascini note this phenomenon in the Netherlands and ask the following question: “Why Do Churches Become Empty, While New Age Grows?” (Houtman and Mascini 2002). They conclude that a process of individualization has caused the decline of the Christian churches and the rise of New Age movement since the 1960s.

### *Inter-religious Market Change*

As noted before, inter-religious market refers to the religious market in which various religions sell their own religious product under the religious plural context. This market is affected by social and religious factors as we discussed before. As we saw in the previous propositions, when social factors regulate religion this tends to shrivel the inter-religious market because other religions will have difficulty entering the existing religious market. Of course, if there is no regulation of religion, the inter-religious market will tend to be lively.

Conversely, religious factors tend to deregulate and enliven the inter-religious market through the interaction of supply and demand. In particular, religious supply side plays an important role in inter-religious market change. In this market, all religious providers compete with each other in order to maximize membership and occupy a greater market share. It is inevitable that this competition enhances religious vitality among religions. Depending on the extent of this religious vitality, the inter-religious market may be either shrivelled or lively. In general, the degree of religious vitality depends on the extent of the fair competition among religions (Finke and Iannaccone 1993). Therefore, it tends to be high in the free and competitive market, and low in a religious monopoly.<sup>63</sup>

Proposition 17: The hotter competition among religions is, the livelier the inter-religious market tends to be.

Overall, the interaction of social and religious factors, as noted before, produces various types of religious market structure, including religious free market, oligopoly, monopoly, monopsony, and oligopsony. In these market structures, a key point is the number of competitors. In economics, the extent of competition is closely related to the number of competitors. The basic assumption is “the more the firms, the more competitive

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<sup>63</sup> The secularization theorist Steve Bruce rejects this proposition based on several counter-cases. For him, countries that have a great variety of religions are not necessarily the most religious. For example, he argues, “the more homogenous Catholic societies are more religious than the more diverse Protestant ones” (Bruce 2008, 83). However, Steve Bruce seems to misunderstand the meaning of religious vitality. In fact, religious vitality is not just church attendance or religious eagerness; rather, it refers to dynamic change of religion. It can be measured not only by the rate of church attendance but also by the rate of religious switching. Here, religious vitality refers to dramatic shifts in religious markets.

the market would seem to be” (Sloman 2003, 151). For example, monopoly refers to the context in which there is no competitor. In this case, there is no competition in the market. In oligopoly, there are a few competitors in the market. Naturally, there is little competition in this structure. This assumption is also applicable to RMM. In the inter-religious market, the more competitors there are, the more intense religious competition is. Of course, the number of competitors does not always affect the degree of competition. There are many other factors, such as the level of concentration of competitors and the barriers to entry into the industry. If two or three religions occupy most of the religious market share and the entry barrier is very high, the number of religions has nothing to do with the extent of competition. In this oligopoly case, the degree of religious competition is likely to be low even if there are many religions. Considering all these facts, therefore, we may deduce that the inter-religious market will be most lively when there are many religions under perfect competition. The religious plural structure in the perfectly competitive religious market applies to this case. In contrast, the inter-religious market will be most sluggish when there is only one or no religion under imperfect competition. The religious monopoly in the imperfectly competitive religious market corresponds to this case. We may condense all these facts into the following proposition:

Proposition 18: The inter-religious market is liveliest in religious plurality; most sluggish in religious monopoly.

When there is a lively inter-religious market in a religious free market structure, it produces the following two results. First, the inter-religious competition makes each religious organization more efficient (Finke 1997, 52-55). According to economics, one of the advantages of perfect competition is efficiency. Likewise, religious plural context tends to promote the efficiency of religious organizations in order that they might survive in inter-religious competition.

Proposition 19: When the inter-religious market is lively in a religious free market structure, efficiency of each religion tends to be promoted.



Stark and Finke also insist that: “Where many faiths function within a religious economy, a high degree of specialization as well as competition occurs” (2006, 11). This efficiency makes the inter-religious market brisker again than in a religious monopoly or oligopoly.

Second, inter-religious competition forces unity among internal subgroups of each religion. As noted before, excessive inter-religious competition invites an inter-religious conflict.<sup>64</sup> This conflict tends to enhance interdependence among the internal subgroups and prevents religious cleavages among them. As a result, intra-religious unity within a religion is increased.

Proposition 20: Inter-religious conflicts tend to unify intra-religious groups within each religion.

The above proposition can be proved by conflict theory. Conflict theorists insist that external conflict plays an important role as a catalyst of internal unity. Georg Simmel insists that conflict is “a way of achieving some kind of unity, even if it be through the annihilation of one of the conflicting parties” (1955, 13). Lewis A. Coser gives a similar proposition as follows: “Conflict with Out-Groups Increases Internal Cohesion” (1956, 87). According to him, outside conflict not only unites the internal subgroups but also enhances morale among them. National solidarity during wartime would be one of the best examples. An international war often increases internal unity within a nation. Coser also asserts that the Communist Party used to create external threats or conflicts “in order to maintain internal loyalty” (1956, 110). Similarly, many Korean dictators have made good use of the North-South conflict in order to solve internal conflicts and unify the people. Another example of this case in religion is the ecumenical movement or cooperative ministry in Christianity. Historically, while facing a conflict situation with other religions, Christian subgroups have often collaborated with each other in order to

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<sup>64</sup> There are various types of religious conflict in a religious market. McGuire (1997) classifies them into three types: “1) Inter-religion Conflict between Religious Groups, 2) Intra-religion Conflict within a Religious Group, and 3) Religion-Society Conflict between a Religious Group and the Larger Society”. In this research, I will focus mainly on inter-religious and intra-religious conflict.

reduce internal risk and promote efficiency for the common benefit in the inter-religious market. Peter Berger explains this phenomenon in terms of the concept of cartelization.

One obvious way of reducing risks is to come to various kinds of understanding with one's competitors - to "fix prices" - that is, to rationalize competition by means of cartelization. An excellent illustration of what this means is the development of "comity" in American Protestantism (1967, 143).

In order to increase the common interest and reduce competition, cartel members have a cartel agreement regarding price fixing, market shares, allocation of customers or territories, and the division of profits. In the case of the unification of similar denominations, it can be described as a religious Mergers & Acquisitions (M&A).

### ***Intra-religious Market Change***

Intra-religious market refers to the market place in which various subgroups within a religion compete with each other and sell their own differentiated theologies or ideologies to believers. This market can be formed either by denominationalism imported from foreign countries or intra-religious schism within a religion. In general, this market tends to be livelier when a religion occupies the biggest market share in the inter-religious market. It is closely related to the problem of profit sharing or reallocation of religious interest. In religious monopoly or oligopoly, total profit and resource of a religion tends to be increased. Then, religious subgroups are apt to come into conflict or compete with each other in order to take a greater portion of the resource. If this conflict or competition becomes more serious, there is a high possibility of religious schism. Stark and Bainbridge define religious schism as "the division of the social structure of an organization into two or more independent parts" (1987, 128).<sup>65</sup> If this religious schism

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<sup>65</sup> They also present various factors of religious schism (1987, 121-153). In relation to the issue of group conflict, similarly, they suggest the following two propositions: "P131 The potential for group conflict over the distribution of rewards and the emphasis on compensators is present in all religious bodies. .... P132 The greater the degree of power inequality in a religious organization the greater will be the potential for group conflict over the distribution of rewards and the emphasis on compensators" (Ibid. 135-136).

happens within a religion, religious subgroups will compete with each other in a new religious market, known as an intra-religious market.

Proposition 21: Increased profit and high inter-religious market share are apt to produce intra-religious conflicts within a religion.

Proposition 22: Intra-religious conflicts tend to increase internal religious schisms and enliven the intra-religious market.

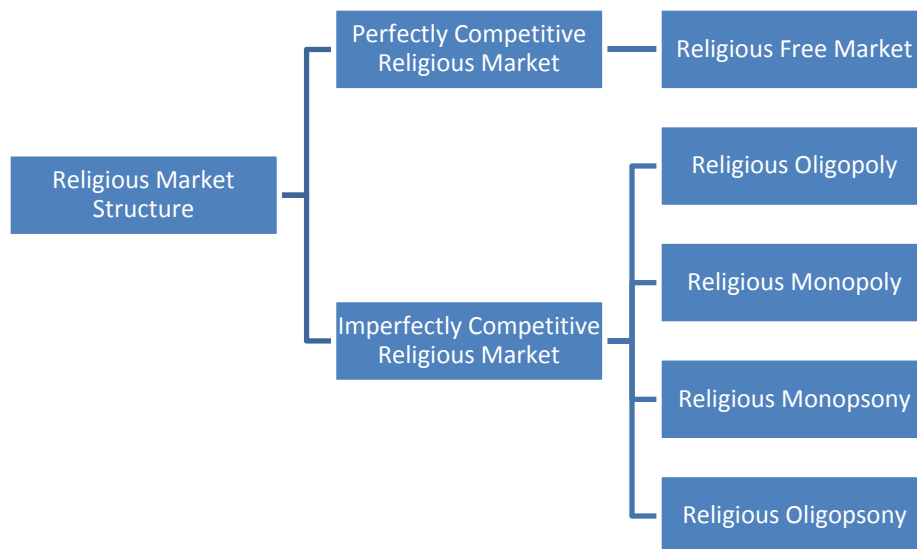
We may explain the above propositions in terms of conflict theory. According to this theory, the more we have, the more we are likely to quarrel. Karl Marx argues that the key force behind conflict is the unfair distribution of scarce resources (Turner, *The Structure of Sociological Theory* 2003, 132-133). Max Weber (1978 [1922]) also notices that the problem of inequality causes conflict. Similarly, Ralph Dahrendorf (1959 [1957]) points to the unequal distribution of authority as a cause of conflict. In a religious market, the fragmentation that results from increased religious interest produces religious conflicts. Otto Maduro classifies these conflicts into three types: “1) Division of Clergy and Laity, 2) Internal Division of the Laity, and 3) Internal Division of the Clergy” (Maduro 1982 [1979], 92-94). These conflicts are likely to split religious groups into many denominations or sects. When these are successful in organizing themselves as religious firms, an intra-religious market will be formed. To increase intra-religious market share, they will compete with each other and pursue religious growth. Sometimes they try to differentiate their products from those of other denominations in order to avoid intense religious competition. If they fail to do this, they will pursue joining with other parties. We may observe this phenomenon with the unity movements or ecumenical movements of the Protestant Church during the 20<sup>th</sup> century. If a denomination wins in the denominational market, a denominational monopoly will be formed. Of course, this monopoly can provoke another intra-religious conflict within the denomination because of profit sharing. If this conflict is intense, another religious split may occur as a kind of religious spin-off. This is called denominational split. We will look at this case in more detail in the application part.

## Summary and Conclusion

In this chapter, we have discussed religious market change based on the concept and terms of religious market structure. One limitation of the previous RMM is a limited concept of religious market structure. Because of this problem, RMM theorists have often had difficulties in describing various situations of religious market context. In order to compensate for this weakness, I suggested a new typology of religious market structure based on the economic terms. Then, I discussed religious market change according to various religious market structure situations.

In the first section, I classified religious market structure into two types according to the type of competition: 1) perfectly competitive religious market and 2) imperfectly competitive religious market. The perfectly competitive religious market occurs in the context of perfect competition. The most common structure in this type is the religious free market context. The context of imperfect competition creates the imperfectly competitive religious market. In this market type, the following structures can be formed: 1) religious oligopoly, 2) religious monopoly, 3) religious monopsony, and 4) religious oligopsony.

**FIGURE 6**  
**A NEW TYPOLOGY OF RELIGIOUS MARKET**  
**STRUCTURE**



Based on the above classification, I discussed the factors that affect religious market structure in terms of society and religion. For the social factors, I focused on the role of government and social culture. Both can affect religious market structure through regulation and favouritism of religion. Thus, I proposed that:

Proposition 3: The more regulated or favoured by government a religious market is, the more imperfectly competitive religious market structure tends to be.

Proposition 4: The less regulated or favoured by government a religious market is, the more perfectly competitive religious market structure tends to be.

Proposition 5: The more regulated or favoured by social culture a religious market is, the more imperfectly competitive religious market structure tends to be.

Proposition 6: The less regulated or favoured by social culture a religious market is, the more perfectly competitive religious market structure tends to be.

In relation to social regulation and favouritism, I proposed that social type also could affect religious market structure as follow:

Proposition 7: If social order is maintained by mechanical solidarity, religious market structure tends to be imperfectly competitive and to maintain the status quo.

Proposition 8: If social order is maintained by organic solidarity, religious market structure tends to be perfectly competitive and plural.

Proposition 9: In the anomic context, religious market structure is apt to be changed.

For the religious factors, I focused on the religious demand and supply side. In the religious supply side, the most important factor to affect religious market structure is the degree of desire for membership maximization. In the religious demand side, the most important factor to affect religious market structure is the extent of optimized religious choice. Considering these factors, I proposed that:

Proposition 10: The more enthusiastic a religious provider is, the more market share it occupies in a religious market.

Proposition 11: The more institutionalized religions are in a religious market, the more competitive a religious market tends to be.

Proposition 12: The closer to the church type religions are in a religious market, the more competitive a religious market tends to be.

Proposition 13: The more missionary religions are in a religious market, the more competitive the religious market tends to be.

Proposition 14: The more choices the religious demand side desires, the more perfectly competitive a religious market.

Proposition 15: If there is no government or social regulation, a religious market cannot be fully monopolized because of the divergent tastes of religious consumers in society.

Just as in the case of commercial market structure, all these factors meet at a certain point, called religious market equilibrium, and determine religious market structure.

In the final section, I presupposed how religious markets can be changed according to various religious market situations. Here, I suggested seven propositions as follows:

Proposition 16: The more powerful non-religious rivals are in the extra-religious market, the less lively inter- and intra-religious markets tend to be.

Proposition 17: The hotter competition among religions is, the livelier the inter-religious market tends to be.

Proposition 18: The inter-religious market is liveliest in religious plurality; most sluggish in religious monopoly.

Proposition 19: When the inter-religious market is lively in a religious free market structure, efficiency of each religion tends to be promoted.

Proposition 20: Inter-religious conflicts tend to unify intra-religious groups within each religion.

Proposition 21: Increased profit and high inter-religious market share are apt to produce intra-religious conflicts within a religion.

Proposition 22: Intra-religious conflicts tend to increase internal religious schisms and enliven the intra-religious market.

All the above propositions were drawn from the basic assumptions of economics and the discussions of the previous RMM. We will see how they work in practice in the

application part of the thesis. Nevertheless, just as secularist scholars argue that secularization is a tendency (Norris and Inglehart 2011, 5), so the propositions we have discussed here are tendencies, not cast iron laws.

As we have seen so far, religious markets and their structures are not static but are always changing. Furthermore, they can be situated under various circumstances because of complicated factors of society and religion. In order to describe this complexity, I have suggested new typologies regarding religious economic system, religious market, and religious market structure. In the next part, I will apply all these typologies to two cases of Korean religious markets and investigate how they can work in practice.

**PART III**  
**APPLICATION OF THE TYPOLOGIES TO THE CASES**  
**OF THE SOUTH KOREAN RELIGIOUS MARKET**  
**BETWEEN 1945 AND 1987**

In the preceding parts, I have shown how the economic approach to religion has been developed in religious studies. Furthermore, I have demonstrated how the previous model has some limitations for the description of religious complexity. In order to compensate for these weak points, I suggested new typologies of the religious economic system, religious market, and religious market structure. Based on these typologies, I hypothesized that a religious market system consists of various types of religious markets, which influence each other according to the religious market share and structure.

Now it is time to see how the typologies work in practice. In this part, I will show how they can be applied in an actual religious marketplace through the cases of Korea. My primary concern here is not simply to summarize religious history, but to test the new typologies of religious market models. To do so, I will analyse the religious context of South Korea between 1945 and 1987 in terms of the new typologies. In chapter 6, I will analyse the relationship between religion and state and define the type of religious economic system. Then, I will focus on the religious market structures of extra, inter, and intra-religious markets in chapter 7.



## **CHAPTER 6**

### **RELIGIOUS ECONOMIC SYSTEM BETWEEN 1945 AND 1987**

The first case that we will examine here is the religious economic system of South Korea between 1945 and 1987. As noted before, a religious economic system consists of three components: 1) religious consumer, 2) religious provider, and 3) government. Among them, the role of the government is the most decisive factor to determine the type of religious economic system in a society, because the government can change religious market structure and affect both religious consumers and providers through the regulation of religion. In this chapter, therefore, I will examine the religious policies of successive governments and analyse the government regulation of religion in South Korea between 1945 and 1987. Then, I will evaluate the types of religious economic system of each regime.

#### **Historical Background**

The period between 1945 and 1987 was one of the most turbulent periods in modern Korean history.<sup>66</sup> According to the form of government, we may subdivide this period into seven stages: 1) U.S. Military Administration 1945-1948, 2) First Republic 1948-1960, 3) Second Republic 1960-1961, 4) Military Rule 1961-1963, 5) Third Republic 1963-1972, 6) Fourth Republic 1972-1979, and 7) Fifth Republic 1979-1987. Before moving on to the analysis of the religious economic system during the given period, let us briefly examine the socio-political and religious background of all these stages.

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<sup>66</sup> The history of Korea can be divided as follows (K.-b. Lee 1984): 1) the Gojoseon kingdom [2333-108BC], 2) the Three Kingdoms era (Goguryeo, Baekje, and Silla) [57BC-668AD], 3) the North South states period (unified Silla and Balhae) [668-935], 4) the Goryeo Kingdom [918-1392], 5) the Joseon Dynasty [1392-1897], 6) the Korean Empire [1897-1910], 7) the Japanese colonial occupation [1910-1945], and 8) the division of Korea into the South and the North [1945-present].

### ***Socio-political Background***

When Korea became a battleground among China, Japan, Russia, and Western countries in the late 19<sup>th</sup> century, the long story of the Joseon Dynasty [1392-1897] came to an end and the Greater Korean Empire [1897-1910] was established in 1897. In order to escape from a national danger, the new government carried out drastic reform and modernization in many fields, including the military, land systems, education, and the economy. In spite of the ambitious reforms, the new empire was annexed by Imperial Japan in 1910 and had remained under Japanese rule for 35 years until the Japanese defeat in World War II (Scott 1910, 923-925).

Korea achieved independence from Japan on 15 August 1945. After the surrender of Japan, however, Korea was divided into two parts along the Thirty-Eighth Parallel by the United States and the Soviet Union (Cumings 1981, 214-264). In North Korea, the communist Democratic People's Republic of Korea (DPRK) was established in 1948 after three years of Soviet military rule. In South Korea, the pro-Western Republic of Korea (ROK) was founded in the same year, after the rule of the United States Army Military Government in Korea (USAMGIK: 1945-48). This division eventually led to a direct military collision between DPRK and ROK, which became known as the Korean War [1950-1953].

The Korean Armistice Agreement was signed to end the fighting on 27 July 1953. Since the armistice, South Korea passed through political and social turmoil until 1987 (K.-j. Kim 2006). In 1960, Rhee Syng-man [1875-1965], the first and autocratic president of ROK, was impeached by the April 19<sup>th</sup> student uprising. In the following year, General Park Chung-hee [1917-1979] carried out the May 16<sup>th</sup> military coup and abolished the existing National Assembly. Then, he took over as president in 1963 and rigidly executed anti-Communist policies. During his regime, he aggressively promoted industrialization and economic development policies. With the success of economic development, President Park announced the Yushin Constitution, which was a more repressive dictatorial system, in 1972 and attempted a lifelong dictatorship. Between 1974 and 1975,

he announced a series of emergency measures and strongly restricted basic rights of freedom (The President of the Republic of Korea 1974). However, many university students held demonstrations in opposition to his dictatorship. After all, he was assassinated in 1979.

In the same year, another military coup took place under General Chun Doo-hwan [1931-present]. He expanded martial law to the entire country, suppressed the press, closed universities, and banned political activities. Of course, students and citizens rose up against his dictatorship. However, he crushed the demonstrators with armed forces. In June 1980, he ordered the National Assembly to be dissolved and was inaugurated as the fifth president of South Korea on 1 September 1980. During his regime, authoritarian government restricted political freedom and suppressed the desire for more democracy. However, his dictatorship was ended by the June Democracy Movement in 1987. In the same year, the revised Constitution regarding direct elections for a new president was carried out and Roh Tae-woo was inaugurated as the next president in February 1988.<sup>67</sup>

### ***Religious Background***

During this turbulent period, the religious context of South Korea had also changed rapidly. For a long time, religious freedom in Korea had been often restricted by the central government. Since the 19<sup>th</sup> century, however, traditional religions gradually had lost popularity and declined in power. The religious context during this period seemed to be a “religious void” (A. E. Kim 2001, 273). Latourette (1961) also refers to this context as “a partial religious vacuum.” Ironically, this religious emptiness caused religious revival, as the Korean people sought to find answers not from traditional religions but from other new religions such as Donghak,<sup>68</sup> Won Buddhism,<sup>69</sup> and Christianity (2005,

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<sup>67</sup> Democratization of South Korea in this period had proceeded without extreme structure change. According to Cumings, it was because of “the result of conflict and negotiation amongst the state, military and business elite, cushioned and succored by the United States, with the goal of demobilizing the volatile popular sector” (1989, 32).

<sup>68</sup> A Korean religion founded in 1860 by Choe Je-u; the literal meaning is eastern learning.

<sup>69</sup> A Korean indigenous religion founded in 1916 by Park Chung-bin.

184). However, the Joseon Dynasty prohibited the proselytization of these religions and executed many religious leaders on charges of heretical and delusive teachings. In particular, the government repeatedly persecuted the Christian community.<sup>70</sup> Since 1882, however, the Joseon Dynasty was no longer able to persecute Christians and Western missionaries because a series of unequal treaties were concluded with the United States in 1882<sup>71</sup> and the United Kingdom in 1883.<sup>72</sup> The open-door policy in 1887 also influenced the Joseon Dynasty to stop religious persecution. In the early 20<sup>th</sup> century, Korean people were given more freedom to choose their religion.<sup>73</sup> However, this religious freedom was restricted again by the collapse of the Greater Korean Empire and the Japan-Korea Annexation in 1910. In the last stage of Japanese annexation of Korea from 1931 to 1945, especially, the Japanese government regulated Korean religious markets more strongly. Kim Sueng-te (1996) describes this period as a period of repression and annihilation of religious freedom. However, this oppressive policy ended with the defeat of Japan and the liberation on 15 Aug 1945.

After the United States and Soviet Union occupation between 1945 and 1948, Korea has been divided into two separate countries. In contrast to the strong regulation of religion in the North Korea, the South Korean governments have given people full-scale religious freedom from the beginning. During the period of authoritarian regimes, of course, it is true that political leaders used to intervene religious markets. Nevertheless, individuals of South Korea could have chosen or switched their own religion without any restriction.

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<sup>70</sup> The great persecutions are as follows: the *Shin-hae* Persecution [1791], *Shin-yoo* Persecution [1801], *Ki-hae* Persecution [1839], *Byung-o* Persecution [1846], and *Byung-in* Persecution [1866] (K.-b. Min 2005, 30-69).

<sup>71</sup> Treaty of Amity and Commerce between the United States of America and Korea [Korea]. It is also known as the Shufeldt Treaty.

<sup>72</sup> Treaty of Friendship and Commerce between Great Britain and Korea.

<sup>73</sup> Don Baker (2006) describes it as “the religious revolution” in Korean history.

## **Religious Economic System**

Based on the above understanding of the historical context, let us examine the religious economic system of South Korea between 1945 and 1987. As we discussed in the theoretical part, it is the government regulation of religion that determines the type of religious economic system. In this section, therefore, I will analyse the government deregulation and regulation of religion based on the religious policies of each regime.

### ***Deregulation of Religion***

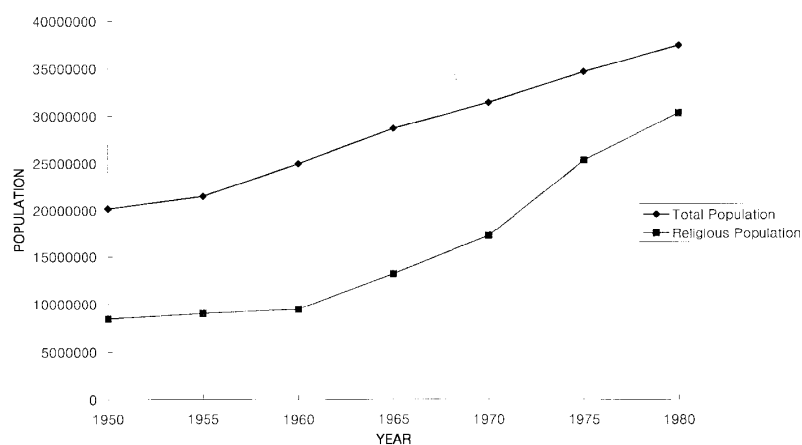
In contrast to the former times, as we noted before, religious context of South Korea after the liberation in 1945 had been changed dramatically by religious freedom under the deregulation of religion. In the book *The Church of America, 1776-2005*, Finke and Stark investigate, “how and why America shifted from a nation in which most people took no part in organized religion to a nation in which nearly two-thirds of American adults do” (2005, 1). They call this shift as “Churching of America” and conclude that the deregulation of religion leads to religious revival and innovations. We may find similar cases from the South Korea between 1945 and 1987.

Since the liberation of Korea in 1945, USAMGIK and South Korean governments have allowed freedom of religion to the Korean people and held to a policy of separation between state and religion (M.-b. Kim 2008, 46-47). Just as stated in the Potsdam Declaration on 26 July 1945, the fundamental religious policy of the USAMGIK was “the establishment of religious freedom and separation of religion and state” (Woodard 1957, 645). In fact, US military rulers announced religious freedom on 9 October 1945 and abolished all the unfair laws related to Shinto shrine worship. The first republic also adopted this policy. Article 12 of the first constitution of the Republic of Korea was composed of the following two clauses: “1) All citizens shall enjoy freedom of religion,” and 2) “No state religion shall be recognized, and church and state shall be separated” (1948). These clauses mean that all the South Korean governments should guarantee a full scale of religious freedom for all citizens by maintaining a separation of church and

state without having any official state religion (2001, 69). The next political powers also succeeded this policy. During this period, finally, Korean people could have the right to choose or switch their religion and religious organisations could compete with each other in a fair condition.

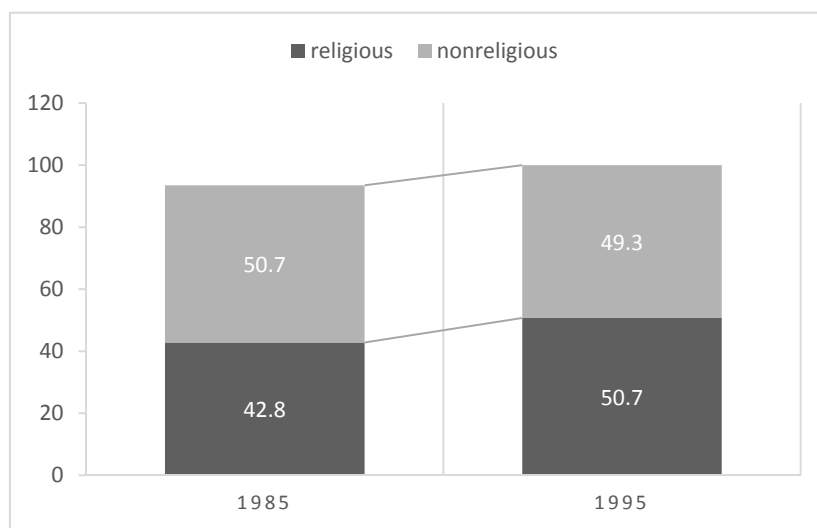
The most distinguished result of this religious freedom was the marketization of religion under the religious pluralistic context. As noted before, it is inevitable that religious pluralism, produced by the deregulation of religion, leads to a competitive state among religions, so called religious market context. In this situation, furthermore, religions have no choice but to compete with each other in order to survive or get more religious members. Religious context of South Korea between 1945 and 1987, as Choi (2002, 169-170) also argues, was very similar to this religious market context. According to the theorists of RMM, government deregulation of religion leads to the resurgence of religion. Religious markets of South Korea also had grown enormously during the same period. According to the statistics right after the end of the Korean War, for example, total religious affiliation increased from 1,638,149 in 1953 to 5,970,909 in 1954 (KOSIS 2009). It grew three times larger in just one year. The following graph shows how much rapidly the religious market of South Korea had grown between 1950 and 1980.

**FIGURE 7**  
**TOTAL POPULATION VS RELIGIOUS POPULATION,**  
**SOUTH KOREA, 1950-1980**  
(Ministry of Culture 1993)



However, it was not until the end of military dictatorship in 1987 that the religious market of South Korea was fully deregulated. After the full-scale democratization in 1987, religious membership grew more rapidly. According to the survey of Gallup Korea (1998),<sup>74</sup> the religious population was increased from 43.8% in 1984 to 49.0% in 1989. The census data of 1985 and 1995 also shows the similar result as follows:

**FIGURE 8**  
**THE GROWTH OF THE RELIGIOUS, 1985-1995**  
(KOSTAT 1995)



In sum, religious deregulation policies of South Korea after the liberation in 1945, such as religious freedom and separation of state and religion, contributed greatly to the formation of religious plural context. Just as religious economists often expect, this religious plural situation stimulated religious activities of Korean people and made the religious market more competitive. After all, this religious plural and market context caused religious revival and renovation in South Korea between 1945 and 1987. We may call it the Churching of Korea, a similar case to the “Churching of America” (Stark and Finke 2006).

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<sup>74</sup> Gallup Korea was founded in 1974 as the first specialized Research Company in Korea. Since then, this company has performed more than 13,600 research projects.

### ***Regulation of Religion***

So, can we define the religious context of South Korea between 1945 and 1987 as the hands-off religious economic system? In a sense, new religious contexts seem to satisfy the essential conditions of the hands-off religious economic system, which are 1) freedom of religious choice and 2) separation of state and religion. In fact, however, no South Korean governments deregulated religious markets completely. To exercise the sovereign power, sometimes the central authorities favoured certain religions or sometimes intervened in the internal affairs of religious market.

### **Government Favouritism of Religion**

Government favouritism of religion is one of the most common types of regulation of religion. In spite of the policy of religious freedom, the religious market of South Korea between 1945 and 1960 also can be characterized by religious favouritism of the pro-Christian governments (I.-c. Kang 1995). Shortly after the Japan's surrender to the Allied Powers in 1945, USAMGIK informed Korean people of the division of Korea and announced a series of orders and declarations (McArthur 1945). Most of these orders were quite harsh, unjust, and filled with warnings of severe punishment (W.-j. Kang 1997, 71-72). Religious policies also were unjust and in favour of Christianity. Douglas MacArthur [1880-1964], Christian Supreme Commander for the Allied Powers in Japan [1945-1951] and Korea [1945-1948], had believed that Christianity could be an essential cornerstone to eliminate Japanese militarism in the State Shinto, build a democratic country, and save Asian countries from communism (J.-k. Choi 2006, 59-65). Furthermore, most of the officers in the U.S. Military Government, such as advisors, administrators, and translators, also were missionaries or Christians (Cumings 1981, 156). Six out of eleven advisory officers, appointed by USAMGIK on 5 October 1945, were Protestants. In 1946, 35 out of 50 high-ranking officers were Christians. It was natural that Korean Christianity had received special favour from them during the period of the military administration. For instance, they favoured Christian churches with the



distribution of forfeited properties (K.-s. Kim 2011, 213-221). The next pro-Christian government, Rhee's government, also carried on this biased policy through the government-vested property laws in 1949 and 1950 (Heo 2009, 131-142). Furthermore, prison ministry was allowed for Protestant ministers only. This religious favouritism continued on to the next administration as well.

After the three years of U.S. military administration, the first Constitutional Assembly elections were held on 10 May 1948 under the sponsorship of the U.N., and the first Constitution of South Korea was established on 17 July 1948. In this Constitution, the South Korean government clearly specified freedom of religion as a fundamental human right. Nevertheless, religious favouritism still remained, because the first government of South Korea also was pro-Christian, just as the previous U.S. military government had been. The first president Rhee Syng-man was a faithful Protestant who had studied theology to become a minister. Most of the ministers of the first republic also were Christians. The following table shows how Korean Christian leaders took an active interest in politics during the Rhee's regime.

**TABLE 2**  
**RELIGIOUS BACKGROUNDS OF THE SOUTH KOREAN**  
**POLITICAL LEADERS**  
(Hahn and Kim 1963, 316)

Religion	Total Population	All	Liberal	Democratic	Military
Buddhism	4.6	13.3	16.2	7.0	19.1
Confucianism	0.7	17.5	17.6	22.1	8.5
Protestantism	2.4	32.5	39.2	19.8	27.7
Catholicism	1.1	8.5	7.4	11.6	4.3
Chondogyo	0.1	0.3	0.7		
No Affiliation	91.1	27.9	18.9	39.5	40.4
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The above data shows that the proportion of Christian political leaders is significantly higher than that of other religious backgrounds. In the case of the Liberal party in power, the proportion of Christian background is more significantly higher than that of others. It

implies that Christianity had played a leading role in the early stage of the establishment of South Korea as well. Similarly, Rhodes and Campbell also report as follows:

In 1946, of fifty Koreans who were in official positions in the Korean government, 35 were professing Christians. Of the ninety members of the Korean Interim Legislative Assembly in 1946, the number of professing Christians was 21, including seven ordained ministers. In the first Korean Legislative Assembly, of 190 members (from August, 1948), the number of Christians is reported to be 38, of whom thirteen were ordained Christian ministers. ... In Syngman Rhee's second term the Rev. Ham Tai Young, a Presbyterian minister, became Vice President (1965, 380-381).

Just like the case of the USAMGIK, it seemed natural that Christian officers were benevolent to Christianity. One of the best examples of this religious favouritism was the chaplain corps system for the Korean armed forces. The position of chaplain was allocated to Protestant pastors and Catholic fathers only. Especially, the Protestant denominations received more special favour than Catholics. They occupied 87.9% of the total number of chaplain corps (K.-t. Kim 1985, 289). Among protestant denominations, Presbyterian and Methodist denominations received more special favour from the government than others did. The following table shows how the first republic offered a preference to these two denominations.

**TABLE 3**  
**THE PROPORTION OF DENOMINATION AMONG**  
**CHAPLAIN CORPS**  
(The Presbyterian Church of Korea 1954, 288)

Denomin ation	Presbyte rian (Yejang)	Methodi st	Holiness	Roman Catholic	Presbyte rian (Kijang)	Salvatio n Army	Others
Number	142	67	37	36	11	1	3
Percenta ge	47.8%	22.6%	12.5%	12.1%	3.7%	0.3%	1.0%

The first republic, a pro-Christian government, regarded Korean Shamanism as superstition and tried to abolish it in 1949 (Chosun Ilbo 1949). In 1950, prohibition law on Shamanism was announced by Rev. Yun-young, Lee, the Minister of Social Affairs

(Dong-A Ilbo 1953). Christian officers stipulated Christmas Day as an official holiday (Presidential Decree 1949). Furthermore, some Christians pressured the government not to have any official events on Sunday (The Christian Weekly 1948). Even though the Christian population was less than 4-5 per cent of the entire population, Christians were immensely powerful in Korean society at that time.<sup>75</sup> This kind of religious favouritism lasted until the resignation of President Rhee and the collapse of his government in 1960. For this reason, many scholars often regard the first republic of South Korea as a Korean version of Christendom (I.-c. Kang 1996, 189).

Religious favouritism was continued in the next regimes as well. President Park Chung-hee and many of his military coup companions were Buddhists (I.-c. Kang 1996, 189). Unlike the previous rulers, they wished to show that they made great efforts for religious neutrality. Nevertheless, they also often showed religious favouritism toward Buddhism, just as the previous pro-Christian governments had done toward Christianity. For example, they stipulated Buddha's birthday as an official holiday and held the ceremony of the South Korean Memorial Day according to Buddhist rites (Christian 1961). Furthermore, they abolished the "Temple Law" (General Ordinance 83 and 84),<sup>76</sup> which had been enforced to control Buddhism by the Japanese rulers and the previous pro-Christian governments. Instead, they enacted the Buddhism Property Management Act in 1962. President Park used to donate a huge amount of money to Buddhist special events and support to attract international Buddhist conferences to Korea (I.-c. Kang 2013, 24-25). Gunseung, Buddhist army chaplain, also is the best example of religious favouritism toward Buddhism. Of course, some Buddhist scholars often argue that Buddhism was still treated discriminately during the military regime (S.-h. Park 2009). Nevertheless, religious policies of military dictators, as Kang (1996, 190) and Kim (2011,

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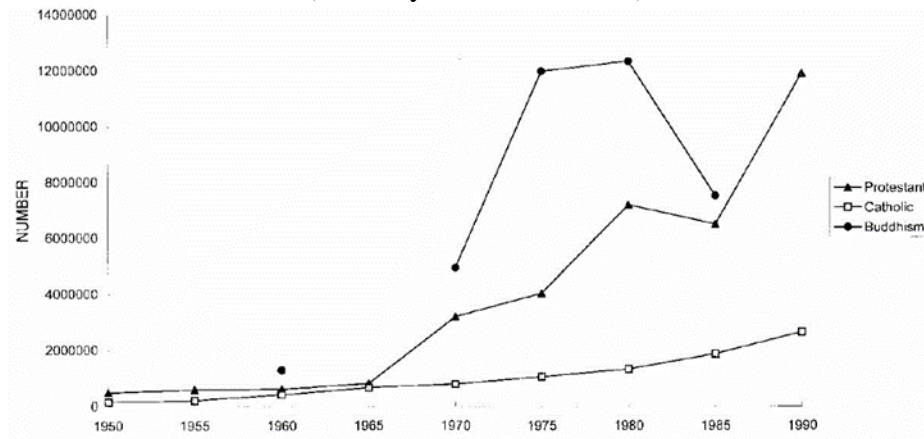
<sup>75</sup> Western missionaries described this relationship between the Protestant Church and the state as "cordial and cooperative relationship" (Rhodes and Campbell 1965, 381). However, In-chul Kang considers it as "mutual recognition and collusive relationship" (1996, 163).

<sup>76</sup> According to the Temple Law, not only the management of temple property, but also the religious activity of Buddhists required permission from the Japanese Governor. However, the previous pro-Christian governments did not abolish this law in order to control Buddhism.

231-232) argue, obviously seemed to lean toward Buddhism, in that none of the above policies was applied to other religions. In actuality, some Protestant churches, such as KNCC, complained about this favoritism given to Buddhism only in August 1961 (Christian 1961).

After all, government favoritism of Buddhism contributed greatly to the growth of Buddhism. The following chart shows how Buddhism, compared with Catholic and Protestant church, had grown immensely between 1960 and 1975.

**FIGURE 9**  
**NUMBER OF PROTESTANTS, CATHOLICS, AND**  
**BUDDHISTS, SOUTH KOREA 1950-1990**  
 (Ministry of Culture 1993)



Furthermore, the above chart shows how the religious favouritism of pro-Christian and pro-Buddhist governments had played an important part in the formation of religious oligopoly in the inter-religious market. As we saw in the previous chapter, government regulation or favouritism of religion tends to foster unfair competition among religions. This unfair competition makes religious market structure into imperfectly competitive religious markets and tends to make it religious oligopoly. The religious favouritism of South Korea seems to be the exact case for it.

## **Government Regulation of Religion**

Governments can affect the religious market structure through two ways: 1) government regulation of religion, and 2) government favouritism of religion. In spite of the surface efforts for religious freedom, military dictators between 1960 and 1987 had often affected the religious market structure not only through religious favouritism, but also through direct regulation. More specifically, Kang In-chul classifies government policies of religion in this period into three sections: “1) government regulation of religion based on predominance over religion, 2) religious equality, and 3) a two-pronged policy towards resistant religious groups” (1996, 189).

In fact, military rulers regulated not only religion, but also almost all the areas of South Korean society. They often clamped down on personal freedoms and sometimes intervened in religious markets in order to exercise their sovereign power. One of the best examples is the Emergency Measure 9 law. This new law restricted basic rights of freedom as follows:

Assemblies, demonstrations or other activities by students which interfere with politics, with the exceptions of (a) classroom or research activities conducted under guidance and supervision of school authorities; (b) activities conducted with prior approval by president or principal of school; or other ordinary, non-political activities (The President of the Republic of Korea 1975, 26).

Kang Wi-jo explains the reason of administering this harsh law as follows: “The purpose of the government was to maintain a firm security posture against so-called Communists in South Korea who really did not exist” (1997, 95). This harsh policy was applied to religion as well. In response to these policies, religious organizations were divided into three groups: 1) conservative groups supported military dictatorship, 2) progressive groups stood in opposition, 3) passive onlookers the majority assumed (I.-c. Kang 2007, 86-89). In the case of Christianity, the conservative groups were the “Daehan Christian Coalition” (DCC) and the “International Council of Christian Churches in Korea” (ICCK); progressive groups were the “Korean National Council of Churches” (KNCC) and the

“Catholic Priests Association for Justice” (CPAJ). The following table shows the political attitudes of main religions towards military dictatorship in 1970s.

**TABLE 4**  
**THE POLITICAL POSITIONS OF MAIN RELIGIONS IN**  
**1970S**  
(J.-c. Choi 1992)

Religion / Denomination		Political Position
Protestantism	NCKK	Critical or Resistant
	NON-NCKK	Compromising or Following the general situation
Catholicism		Critical or Resistant
Buddhism		Compromising or Following the general situation

Among the above three main religions, Buddhism was the most negative toward the issues of democratization. More specifically, the following table also shows how often each of them had been involved in democratization activities between 1972 and 1987.

**TABLE 5**  
**THE FREQUENCY OF DEMOCRATIZATION**  
**ACTIVITIES**  
(S.-b. Choi 2002, 181)

<i>Year</i>	<i>Protestant</i>	<i>Catholic</i>	<i>Buddhist</i>
1972	5	3	0
1973	46	8	0
1974	113	54	3
1975	34	28	0
1976	9	5	0
1977	21	9	0
1978	86	38	0
1979	85	36	1
1980			
1981			
1982	2	2	0
1983			
1984			
1985	5	2	0
1986	13	10	3
1987	9	9	1
<b>TOTAL</b>	<b>428</b>	<b>204</b>	<b>8</b>

In the position of defence of the government, conservative religious groups shut their eyes to see government repression and the loss of freedom. Especially, some conservative Protestant church leaders were in complete harmony with the anti-communist policy of dictators. Some of them organised the Christian Anti-Communist Association and sponsored anti-communist lectures with 850 ministers attending (The Democratic Republican Party 1975, 26). In fact, the Protestant church suffered most from North Korean communists. During the Korean War, for example, about 500 Christian leaders were killed or kidnapped by the North Korea in 1950 (Glover 1960, 201). Furthermore, one third of the Korean local churches were destroyed by North Korean communists as follows:

**TABLE 6**  
**PROTESTANT CHURCHES DAMAGED IN THE**  
**KOREAN WAR**  
 (The Yearbook of Christian Church 1957, 37)

	<i>Presbyterian</i>	<i>Methodist</i>	<i>Holiness</i>	<i>Salvation Army</i>
Completely Destroyed	152	84	27	4
Damaged	467	155	79	4
Total	619	239	106	8

It was very natural that Protestant denominations took an antipathy to the North Korea. Many of them thought of anticommunism as the basis of national security and often equated anticommunism with Christianity.

Unlike conservative groups, progressive religious groups engaged in dissenting activities against military dictatorship. Some progressive church leaders, such as Kim Jae-joon, Park Hyung-gyu, and Moon Ik-hwan, organised the “Committee to Oppose the Change of the Constitution and Prevent the Third Term of the Presidency” in 1969. Others fought against military dictatorship, while organising the “National Council for the Preservation of the Democracy” in 1974. Of course, military rulers responded promptly

to these activities. If any religious groups defied the dictatorship or government policies, the authorities did not hesitate to take action, sometimes conciliatory, but sometimes using threats. This conflict continued to the military regime of Chun Doo-hwan between 1980 and 1988 because a violation of human rights was not improved. Progressive groups resisted the 12 December military coup and military intervention of the 18 May Gwangju democratization movement. Military authorities responded harshly, just as the previous military government had done. Kang Wi-jo describes some of the Christian persecutions as follows:

The Christian students of the Seoul District Youth Association of the Presbyterian church held a meeting on June 3, 1983, in connection with the anniversary of the normalization of Korean-Japanese relations. It was a meeting of lectures and Christian reflection. Riot police surrounded the church building, and at the end of the meeting used tear gas. Many young people were beaten, and church property was damaged. Another church in Seoul, Hyungjae Church, also operated a night school for young laborers who could not attend school otherwise. Called "Street Learning Place," this school too was harassed due to suspicions of anti-American activities. A teacher was arrested in Jun 1983, and students and church members suffered detention, arrests without warrants, and imprisonment. As violations of human rights became even more frequent during the regime of General Chun, Christian dissidents accused the United States of supporting the dictatorial military government (1997, 122).

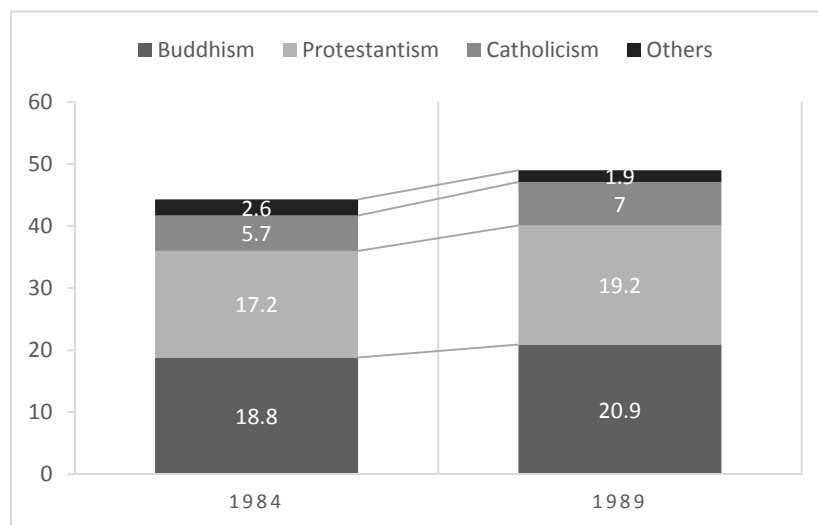
In the case of Buddhism, military coup leaders committed 32,000 soldiers to 5,731 temples and arrested 153 Buddhists in 1980 (J.-y. Kim 2008). This incident is called the 27 October Buddhist Persecution.

In fact, the primary concern of military rulers was neither religious favour toward Buddhism nor religious neutrality. They just wanted to exercise their supreme power and predominate over all the organisations for political stability and economic development to rebuild the nation. For this purpose, they often regulated the religious market or intervened in the religious market structure. In the meantime, the primary concern of many conservative religious leaders, as Kang In-chul argues, was "institutional interest" (2007, 85). For the religious or denominational benefit, they often approved military dictatorship or overlooked even violations of human rights in the name of national



security and anti-communism. The result of this political transaction between state and religion was the religious oligopoly of the three main religions. Of course, military governments also might have preferred religious oligopoly because they did not want many religions to compete with each other or any religion to seek hegemony in the religious market. For the effective regulation of religion, in actuality, they more favoured Buddhism, Protestantism, and Catholicism over any other religions (I.-c. Kang 2013, 74-75). The following chart shows how the religious market of South Korea was oligopolized in 1980s by these three main religions.

**FIGURE 10**  
**RELIGIOUS MARKET SHARE OF THREE MAIN**  
**RELIGIONS, 1984-1989**  
 (Galup Korea 1998)



To sum it all up, the religious market of South Korea between 1945 and 1987 was not fully deregulated. Although South Korean governments guaranteed religious freedom and stated separation of state and religion clearly in the Constitution, they often favoured a particular religion or intervened in religious affairs.

## **Summary and Conclusion**

As we discussed before, the type of religious economic system is determined by the extent of the government's regulation of religion. In this chapter, therefore, I analysed the religious economic system of South Korea from 1945 to 1987 in terms of deregulation and regulation of religion.

Viewed in the deregulation of religion, the religious economic system of South Korea in this period seemed to be close to a hands-off system. Since the liberation in 1945 and the national foundation in 1948, South Korean governments had guaranteed religious freedom and tried to separate state from religion. Their efforts for religious freedom made a great contribution to the formation of religious plural and market context. This religious change, after all, provoked religious revival and renovation between 1945 and 1987, which was similar to the case of "Churching of America" (Stark and Finke 2006).

In spite of the great success of religious freedom, however, the hands-off religious economic system was not established instantly; rather, it had been accomplished slowly with the process of democratization. The jurisprudence of Korea interprets the essential features of the separation of state and religion as "1) no state religion, 2) no religious favour or discrimination, and 3) no religious activity of state" (g. Yang 1991, 22). Of course, it is certain that South Korean governments did not establish any state religion. Nevertheless, they were not free from favouritism or regulation of religion. In the U.S. military regime and the first republic between 1945 and 1960, most political leaders were missionaries or Christians. It was natural that Korean Christianity received special favour from them. In the next regime between 1961 and 1987, Buddhism often received a special favour from governments. Especially, military leaders often attempted to regulate religious markets or intervene in religious affairs in order to exercise their sovereign power strongly. In response to the government's regulation of religion, some conservative groups supported military dictatorship; progressive groups, by contrast, resisted. Military governments, as Kang In-chul (1996, 189) argues, took a two-pronged policy towards

religious groups. Sometimes they favoured conformable groups, but sometimes persecuted resistant groups.

To sum everything up, South Korean governments between 1945 and 1987 had carried out both hands-on and hands-off strategies in religious policy. In accordance with their beliefs or interests, political leaders sometimes took a hands-on approach to the Korean religious market, and sometimes remained hands-off. After all, this government regulation and deregulation of religion affected religious markets and placed them under the imperfectly competitive religious market structure. In that sense, we may conclude that the religious economic system of South Korea between 1945 and 1987 is generally close to a mixed economy. It is more plausible to state that a perfect type of hands-off system emerged only after the democratization in 1987. In the next chapter, I will analyse the structure of religious markets formed in this religious economic system.

## **CHAPTER 7**

### **RELIGIOUS MARKET STRUCTURE BETWEEN 1945 AND 1987**

In the previous chapter, we have analysed the religious economic system of South Korea between 1945 and 1987. The second case that we will examine here is the religious market structure of South Korea during the same period. According to the types of religious product in religious competition, the religious markets of South Korea between 1945 and 1987, as I proposed before, can be classified into 1) extra-religious market, 2) inter-religious market, and 3) intra-religious market. As in the previous case, I will analyse the market structure of these religious markets based on the concept of new typologies of RMM.

#### **Extra-religious Market**

The extra-religious market, as I proposed to define before, is the religious product market in which one or many religions compete with functional equivalents of religion, such as sport, film, music, Internet, holidays, and ideology. From 1948 to 1987, various functional equivalents of religion had competed with institutional religions in South Korea. Among them, in this section, I will examine ideologies that only affect the religious market directly.

The political situation from 1948 to 1987 was characterized by a series of military coups and democratic movements. Every Korean republic began and ended in a massive uprising or military coup. Many people were arrested and even slaughtered by military authorities. After the long sacrifices, however, South Korea finally achieved a democratic revolution in 1987. Bruce Cumings acknowledges this achievement as follows: “In this sense, the Korean struggle has been so enduring that there may be no country more deserving of democracy in our time than the Republic of Korea” (2005 [1998], 344). In this vortex of political struggle, authoritarianism and democratism were the most

important ideologies to affect not only society, but also the extra-religious market in South Korea.

First, authoritarianism functioned in South Korea as a kind of political religion. In politics, authoritarianism is defined as an ideology in which political authority is centralized in an absolute dictator or a small group of politicians, who demand total submission from the people (Adorno, Frenkel-Brunswik and Levinson 1950). Totalitarianism,<sup>77</sup> often regarded as an extreme version of authoritarianism, refers to a context in which all aspects of the social life, such as the economy or even individual thoughts, are controlled by a single power holder. In many cases, totalitarianism has a tendency to take on a religious character (Maier 1996). *Juche* [the Self-Sufficiency] ideology,<sup>78</sup> a North Korean version of Marxism-Leninism, is a typical example. In North Korea, the political rulers elaborated it in order to reconstruct the country, justify their policy decisions, and fight against South Korea and American imperialism. Just like the cases of German Nazism or Russian totalitarianism, *Juche* ideology has gradually taken a religious character and, finally, ascended to a functional equivalent of religion in North Korea (Cumings 2005 [1998], 404-447). In South Korea, authoritarianism had played a similar role in the extra-religious market, even though its influence had been feebleness than in North Korea. Until 1987, South Korea was under authoritarian regimes. Choi Han-soo (1999) describes these under the following three types: “1) patriarchal authoritarianism of Rhee Syng-man’s regime, 2) bureaucratic authoritarianism of Park Chung-hee’s regime, 3) praetorian authoritarianism of Chun Doo-hwan’s regime.” In these regimes, South Korean dictators produced various authoritarian ideologies or policies in order to reconstruct the devastated country, justify their dictatorship, and fight against North

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<sup>77</sup> Totalitarianism is usually defined as a political ideology that “denotes total power by a state or group”, in which “a single party rules; the gulf between state and society is erased; the individual is subject to continuous police and legal regulation; and the economy is largely controlled by the state” (Hoffman 2007, 184). Originally developed by the Italian fascists in the 1920s, it was applied during the Cold War era to regimes of the communist countries.

<sup>78</sup> It is the official state ideology of North Korea. The literal meaning of the word is “main body” and it implies independent stand or spirit of self-reliance. However, it was used to deify *Kim il-sung*, the first General Secretary of North Korea. Now it is more like a pseudo religion in North Korea (Belke 1999).

Korea. Of course, many of these policies affected religious markets as a form of political religion. The best example is developmentalism, or reconstruction ideology. A series of national crises in the 20<sup>th</sup> century, including the Japanese annexation and the Korean War, had reduced Korea to ruins. Naturally, national reconstruction was the most urgent task for both North and South Korea at all costs.<sup>79</sup> Throughout the authoritarian regimes, the construction of a developed state was widely accepted by the Korean people as an ultimate and unquestionable goal. For this goal, dictators often inspired patriotism, demanded individual sacrifice, and even infringed human rights, including religious freedom. In the name of modernization, even traditional shamans were often banished from their villages as representing a superstitious belief. Andrew Kim also assumes that a strong civil religion, which has been integrated with the above ideologies, exists in South Korea. He argues,

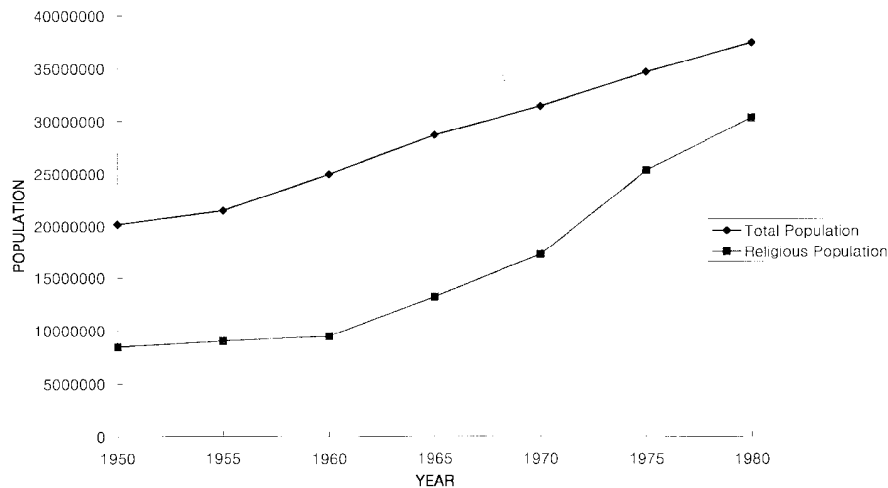
A strong civil religion was needed for Koreans to rid themselves of the sense of defeat and humiliation caused by the Japanese colonial rule and to regain their sense of national identity, which was made more compelling by the decades of atrocious Japanese rule that actually attempted to obliterate Korean identity and culture. Korea also needed a civil religion that provided a sense of direction and purpose to bring Koreans together for a common goal, i.e., industrialization (A. E. Kim 2005, 121).

For this common goal, reconstruction ideologies and religions seemed to live together in the extra-religious market. The following graph shows how fast religious population, as compared with the growth of total population, had grown during the period of democratic movement in 1960-70s.

**FIGURE 11**  
**TOTAL POPULATION VS RELIGIOUS POPULATION,**  
**SOUTH KOREA, 1950-1980**  
(Ministry of Culture 1993)

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<sup>79</sup> For this reason, Wells (1990) insists that *Saemaul Undong* [New Village Movement] of South Korea and *Juche* [the Self-Sufficiency] ideology of North Korea were an offshoots of this reconstruction ideology.



In this process of religious growth, the biggest beneficiary was the Protestant Church. Conservative Protestant churches in particular supported developmental policies more ardently than any other religions. It was surely no accident that the threefold blessing of Cho Yong-gi, senior pastor of the Yoido Full Gospel Church, resembled the *Saemaul Undong* [New Village Movement] of Park's regime. Another example is anti-communism. Since the establishment of the nation in 1948, North Korea has promulgated Juche ideology based on totalitarianism. This has been practiced nationally and even religiously just like a functional alternative to religion. Very similarly, since the establishment of the first Republic of Korea in 1948, South Korea has formulated anti-communism as a supreme policy for national security. In fact, anti-communism was introduced by the Western countries in reaction to the rise of communism after the beginning of the Cold War in 1947. During the period of USAMGIK between 1945 and 1948, South Korean political leaders, including Rhee Syng-man, made several attempts to reach out to communists in order to unify the nation. After the Korean War of 1950 to 1953, however, Rhee and subsequent dictators of South Korea adopted a policy of anti-communism in order to confront the communism of North Korea and strengthen the internal structure of the dictatorship. During the several decades, anti-communism has played a role of "taboo" to purge communists and "social cement" to bond Korean societies just like a religion (D.-c. Kim 1992, 135). In the name of anti-communism, many

people were accused or even executed as communists. Of course, the progressive resisted this policy. However, most religious organizations supported the government of President Park and often regarded anti-communism as a supreme ideology (W.-j. Kang 1997, 97). Especially, some conservative Protestant denominations equated Christianity with a stronghold of anti-communism and produced “Protestant anti-Communism” (I.-c. Kang 2007, 49). The Roman Catholic Church in South Korea also often regarded it as a Catholic dogma (I.-c. Kang 1992, 221). All they thought of anti-communism, Kang (2007) argues, in terms of a church-state security ideology under the threat of the communist regime in the North. All these political ideologies, after all, had functioned as a political religion during the military regimes and “competed with traditional religions” (I.-c. Kang 2013, 33-34).

The second ideology to affect South Korean society and the religious market was democratism. From 1945 to 1987, there were continual conflicts between dictators and democrats, such as the April 19 movement in 1960, the May 16 military coup in 1961, the Busan-Masan democratic uprising in 1979, the December 12 military coup in 1979, and the Gwangju democratization movement in 1980. In these bloody fights, democracy was often regarded by the Korean people as a supreme value. Of course, it is true that the majority of religious organizations were supportive of an anti-communist government. Nevertheless, the progressive elements stood in strong opposition to injustice and political repression. Some Catholic and Protestant churches functioned as a kind of refuge for these democratic movements (C.-j. Choi 1985, 210). Kang also argues, “Christian churches were virtually the only channel by which to vent political and social discontent” (2000, 226). Because of this popular support, even military governments hesitated to knock down the doors of churches with tanks. In a sense, we may say that democratism functioned as a civil religion in the South Korean extra-religious market during this period. We may find a similar case from the Korean nationalism under the Japanese rule. It was also a functional equivalent of religion just like a civil religion at that time. Especially,



Korean nationalism had contributed greatly to the growth of religions because most of the Korean people thought of religion as a confident base for engaging in the nationalist movement. One of the best examples of this is the emergence of Korean indigenous religions, such as Chondogyo, Daejonggyo, Won Buddhism, and Chungsangyo.<sup>80</sup> All had a common tendency toward nationalism.<sup>81</sup> Especially, the Protestant Church owed its success to nationalism. Between 1895 and 1905, the number of adherents increased remarkably, from 530 to 26,057 (Miller 1906, 72). Many Korean political leaders and people regarded Protestantism as the most effective means for the national movement (K.-b. Min 2005, 183). The generally accepted opinion is that the Great Revivals from 1903 to 1907 and the rapid growth of Korean Protestant churches resulted from not only religious, but also social factors, such as the nationalist responses to the emotional shocks of international warfare and national catastrophe (Latourette 1961, 448). As Wells (1990) also admits, there seemed to be a certain point of ideological confluence between Protestantism and the nationalistic movement in Korea. During the authoritarian regimes, democratism also had functioned in the same way. Just as religions do, it unified people for the supreme goal, namely, the democratization of Korea. Like religious martyrs, many people sacrificed their lives for the democratic movement. For instance, Jeon Tae-il [1948-1970], a textile worker, committed suicide in 1970 by burning himself to death in protest of authoritarian oppression and poor working conditions. His martyrdom

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<sup>80</sup> *Chondogyo* [the Religion of the Heavenly Way] was based on the *Donghak* [Eastern Learning] movement founded by Choe Je-u [1824-1864] in 1860, in opposition to *Sohak* [Western Learning]. Choe's nationalistic ideas spread rapidly among the peasantry (H.-h. Lee 2005). He and his successors attempted to relieve the farmers' suffering from exploitation and insisted upon denouncing the foreign power and becoming independent. *Daejonggyo* [the Religion of the Divine Progenitor], founded in Seoul in 1909 by Na Cheol [1863-1916], was also very nationalistic. The god of this religion is *Dangun*, the legendary founder of the ancient Korean empire. According to the teachings of Na Cheol, Koreans do not need to worship any foreign gods, such as Jesus or Buddha, because they have their own God, Dangun. Later, this group was persecuted by the Japanese colonial rulers because it had become a powerful voice calling for national independence.

<sup>81</sup> In fact, Stark and Bainbridge also predict this phenomenon. They offer the following argument: "Ideologies promulgated by other nations, especially those broadcast by the superpowers, may draw forth angry sentiments from nationalists of whatever political stripe. There will be a tendency for independent revolutionary parties to seek their own national ideologies, perhaps a local brand of socialism but perhaps also a blend of socialism and a revitalized native religion" (Stark and Bainbridge 1987, 306). Nationalist and new religious movements in this period can be explained in this way.

mobilized other workers, students, and religious members to unite for the democratic movement (Cho 2001). Later, some people looked up to him as a Korean Jesus (J.-s. O 1970). Just as Korean nationalism had done, so democratism functioned as a civil religion to gather people and strengthen solidarity among them. Of course, we need more positivistic researches in order to examine the correlation between the growth of the religious population and the democratic movement. Nevertheless, various historical facts and researches indicate how democratism had functioned like a civil religion.

To conclude, authoritarianism between 1945 and 1987, as Gentile (2006 [2001]) argues, affected the extra-religious market of South Korea as a political religion; democratism affected it as a civil religion. As noted before, the former dominated not only social, but also religious life in Korea. Military authorities intervened in religious markets, while some ideologies, such as anti-communism and Saemaul Undong, were practiced like religious precepts. Overall, authoritarian ideologies functioned as social favouritism of religion in the extra-religious market. Conservative churches grew by taking advantage of the state-church security ideologies that authoritarian governments provided. Meanwhile, the progressive side of religion sought democratism ardently in the name of justice. The poor, workers' right activists, and student political activists often established their base at Myeongdong Cathedral. In that sense, we can evaluate that democratism in this period functioned as social favouritism of religion for the progressive side of religion.

In this period, of course, there were many other non-religious rivals to affect religious markets, such as film or sport. In the 1980s, immediately after the military coup, for instance, President Chun Doo-hwan adopted "the 3S (Sex, Sports and Screen) policy" in order to divert people's interest away from politics (C. Lee 2012). Pro baseball and soccer leagues were established for the first time in Korean history. Furthermore, many sporting events were held during his eight-year dictatorship, such as the Seoul Asian Games in 1986 and the Seoul Olympics in 1988. His strategy was so successful. His

original intention for baseball was just “a comprehensive campaign to ease political tensions and win the hearts and minds of the younger generation” (Reaves 2004, 126). However, Korean professional baseball developed into not only a diversion channel for political and social unrest but also a functional equivalent of religion. After the democratization in 1987, these elements became more powerful and important rivals of traditional religions in the extra-religious market in the 1990s and 2000s.

### **Inter-religious Market**

As noted before, the inter-religious market refers to the religious product market in which various religions compete with each other to sell their own religious products in order to maximize membership and occupy greater market share. Naturally, this market can only be formed in the religious plural context. For a long time, the inter-religious market of Korea had been monopolized or oligopolized by state religions, such as Buddhism or Confucianism. Nevertheless, it is also true that Korean people had lived under a multi-religious culture. Indeed, they knew how to harmonize various religious cultures in their daily lives (C.-s. Kim 2002, 169). Western missionaries of the 19<sup>th</sup> century observed the harmonious aspects of this multi-religious culture, or “multi-layered faith structure” in the daily lives of the Korean people (J.-h. Kim 1996, 332-338). In public life, however, state religions were so powerful that no one dared defy them.

It was at the end of the 19<sup>th</sup> century that multi-religious context came to the fore officially. Religious monopoly was gradually broken by the influx of foreign religions and the emergence of national religions. Furthermore, government deregulation of religion made a great contribution to the formation of the inter-religious market. Naturally, this religious plural context put all religions into perfect competition. As I addressed in the theoretical part, if there is no regulation of religion, an inter-religious market cannot be successfully monopolized and tends to be pluralistic because of the divergent tastes of

religious consumers in a society. The religious context of Korea during this period supports this idea.

In the inter-religious market between 1886 and 1945, the first winner of Korea was Donghak, which became known as Chondogyo in 1905. After the liberation in 1945, however, the next winner of South Korea was the Protestant Church. In fact, the growth of the Protestant Church had been already remarkable under the Japanese rule (Y.-k. Park 2004). Horace Grant Underwood [1859-1916], the first Protestant missionary in Korea, gave the following statistics:

**TABLE 7**  
**THE GROWTH OF THE CHURCH AND ITS MEMBERS**  
**BY THE REVIVAL IN 1907**  
(H. G. Underwood 1908, 148)

Year	Churches	Preaching Place	Communicants	Adherents
1901	216	284	4,699	16,437
1902-3	252	329	6,395	21,664
1903-4	267	353	7,916	23,356
1904-5	321	470	9,761	30,136
1907	642	1,045	18,964	99,300

According to the census data of the Joseon Government-General (Gwangbogijeon Tonggye [Statistics before the Liberation] 1908-1943), membership of Christianity in 1920, including the Roman Catholic Church and small Protestant denominations, amounted to 323,574, corresponding to almost 2 % of the total population.<sup>82</sup>

**TABLE 8**  
**MEMBERSHIP STATISTICS OF THE KOREAN**  
**PROTESTANT CHURCH FROM 1918 TO 1922**  
(Joseon Government-General 1924, 86-87)

Year	Number of Christians
1918	319,129
1919	296,487

<sup>82</sup> This data was likely to be underestimated because Korean Christians had been oppressed by the colonial government; even so, it evidences the growth of Christianity.

1920	323,574
1921	355,114

The Western missionaries also reported that the membership of the Protestant Church in Korea grew rapidly, from 39,897 people in 1905 to 1,18,264 people in 1910 (H. G. Underwood 1908, 146-148).<sup>83</sup> This remarkable progress of the Protestant Church lasted after the liberation in 1945 as well. The following table shows the growth of Protestant church membership between 1950 and 1995.

**TABLE 9**  
**MEMBERSHIP STATISTICS OF THE KOREAN**  
**PROTESTANT CHURCH FROM 1950 TO 1995**  
 (Research Institute for Korean Religion and Society 1993); (KOSTAT 1991);  
 (KOSTAT 1995)

Year	Members	Growth Rate (%)
1950	500,198	
1960	623,072	24.6
1970	3,192,621	412.4
1977	5,501,491	56.7
1985	6,489,242	28.7
1991	8,037,464	23.9
1995	8,760,336	9.0

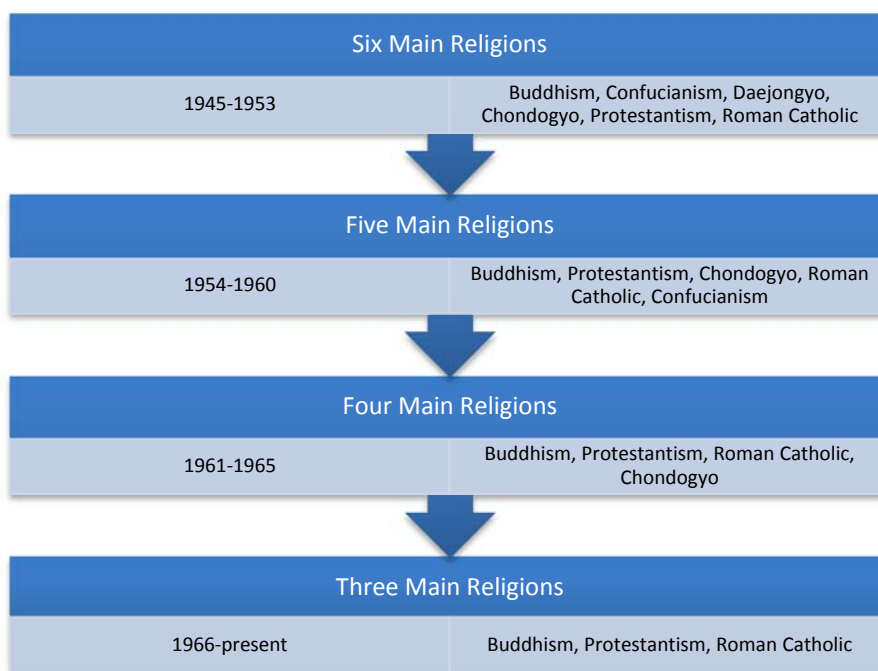
As shown in the table above, the Protestant church membership was 500,198 in 1950. However, it took only 27 years to increase by 10 times. In contrast, most traditional religions shrank during the same period. In 1958, for example, Confucianism reported its membership as 5,000,000. According to the official investigation in 1959, however, actual membership was only 300,000 (Juganjonggyosa [Weekly Religion] 1976, 40). Later, the government reported 211,000 Confucians in 1995 (KOSTAT 1995). It was only 0.8 % of the total population. The decrease of Chondogyo was more remarkable. By its own account, membership reached 1 million people in 1910 (Yoon 2006, 297), almost 7% of the total population at that time, and amounted to almost 3 million people in 1922 (Chondogyo Central Publishing Department 2006). However, membership of Chondogyo

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<sup>83</sup> Of course, this data was likely to be overestimated. If true, however, membership of the Protestant Church was growing at ten times the rate of population growth at that time.

was decreased from 500,000 in 1958 to 300,000 in the early 1960s (Hangukjonggyoyeongam [Year Book of Korean Religions] 1993, 168). In fact, as Michael Robinson argues, Chondogyo had already started to collapse in the early 1920s (1988, 24). According to the census in 1985, Chondogyo had only 27,000 members, which was 0.07 percent of the total population. Compared with these religions, however, Buddhism and Christianity had grown enormously under the special favour of pro-Christian regime in 1940s-1950s and pro-Buddhist regime in 1960-70s. Because of the favouritism of pro-Christian government and the internal schism, of course, the membership of Buddhism decreased temporarily from 2,543,210 in 1952 to 1,288,851 in 1960 (Hangukjonggyoyeongam [Year Book of Korean Religions] 1993, 168). Since 1966, however, Buddhism, Protestantism and Catholicism became the three big religions in the inter-religious market. The following figure, adopted from Kang (2003), shows how these religions have oligopolized the inter-religious market after the liberation in 1945.

**FIGURE 12**  
**GRADUAL PROCESS OF RELIGIOUS OLIGOPOLY**  
**AFTER THE LIBERATION**  
 (I.-c. Kang 2003, 133-141)



Among these three religions, especially, the Protestant Church achieved a surprise victory in the inter-religious market of South Korea. During this period, the number of Protestant members increased remarkably, from 3,200,000 (10.5% of the total population) in 1969, to 7,600,000 (19.9%) in 1982, and 11,888,374 (24.4%) in 1989 (Ministry of Culture 1992). From the 1960s until the end of the 1980s, the number of Korean Protestants doubled in every decade. Between 1950 and 1960, the number of local churches increased from 3,114 to 5,011 (The Yearbook of Christian Church Compilation Committee 1991). In the 1980s, more remarkably, six churches were established every day (C.-s. Park 2003, 13). Another statistical data, acquired from Korean Overseas Information Service and Korean Religion Yearbooks, also shows how remarkably the Protestant Church, compared with Catholic Church, had grown between 1960 and 1990.

**TABLE 10**  
**THE GROWTH OF CHRISTIANITY, 1960-1990**  
(C.-s. Park 2003, 44)

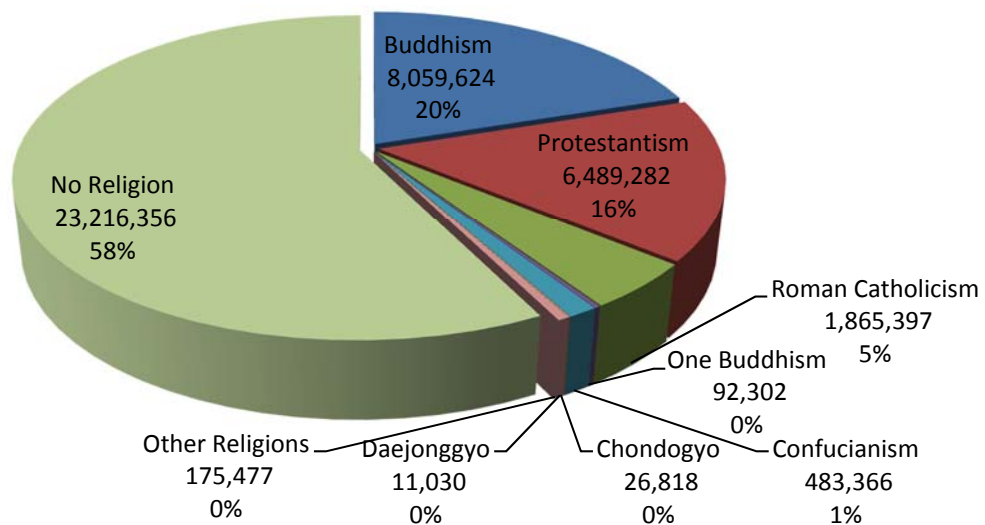
	1960	1970	1980	1990
Protestant	623,072	3,192,621	7,180,627	11,888,374
Catholic	451,808	953,799	1,321,193	2,632,990
Total	1,074,880	4,146,420	8,501,820	14,521,364
Total Population			37,436,000	43,520,199

The following census data illustrates the final situation of religious affiliation of South Korea in 1985.

**FIGURE 13**  
**SOUTH KOREA RELIGIOSITY IN 1985**  
(KOSTAT 1985)<sup>84</sup>

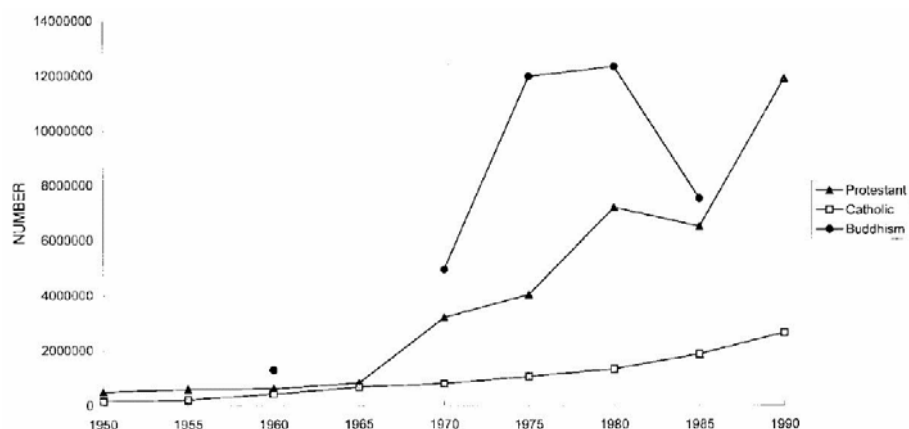
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<sup>84</sup> This information is based on the 1985 Census, conducted by the Korean Statistical Information Service (KOSIS). Unlike other statistical information, this seems to be closest to the actual situation because it was done by survey of all homes. Nevertheless, the statistics of Buddhism are exaggerated, because they include a great number of nominal Buddhists. Like other Asian people, most Korean people are nominally Buddhists and identify themselves as Buddhists (M.-j. Lee 1999).



To conclude, as we have seen so far, the market structure of the inter-religious market of South Korea between 1945 and 1987 can be described as religious oligopoly by the three big religions: Buddhism, Protestantism, and Catholicism. Among these religions, the Protestant Church can be seen as a winner of the inter-religious market. Of course, Buddhism also had grown as a strongest rival of the Protestant church. Nevertheless, the number of full membership was comparatively low. The following graph, acquired from the self-reported statistics of each religion, shows the differences in rates of growth among the three religions between 1950 and 1990.

**FIGURE 14**  
**NUMBER OF PROTESTANTS, CATHOLICS, AND**  
**BUDDHISTS, SOUTH KOREA 1950-1990**  
 (Ministry of Culture 1993)





In this graph, one thing noticeable is that only Protestantism grow so successfully and rapidly as compared with other religions. Furthermore, many Korean scholars describe the religious context between 1945 and 1987 as the Christianization of Korea. In Finke and Stark's (2005) term, it can be described as the "Churching of Korea." Then, why and how did the Protestant Church grow so successfully and rapidly, more than any other religion in this period?

First, scholars tend to focus on the social and historical contexts of South Korea between 1945 and 1987. In this period, Korea experienced tremendous social and political changes, such as liberation in 1945, the Korean War in 1950, military coups in 1961 and 1979, and numerous democratic movements during the military regimes. In these national crises, traditional religions failed to maintain the loyalty of their religious consumers. The Protestant churches, however, did not miss this excellent opportunity. They appealed to Korean people very effectively, through involvement in the nationalist movement under Japanese imperialist rule, and in the democratic movements under the military regimes. Kang compares the competitive power of each religious organization in this period. According to his research, Christianity had the most competitive power; Buddhism, Confucianism and Chondogyo, by contrast, were the least competitive (1996, 253).

Second, "the relation between anomie and religiosity" is another important reason (S.-b. Choi 2002, 167). According to Durkheim (1951 [1897], 246-257), "when social regulations break down, the controlling influence of society on individual propensities is no longer effective and individuals are left to their own devices" (Coser 1977, 132-133). Durkheim calls this the state of anomie. In general, this state occurs during rapid social change. Between 1945 and 1987, Korean society changed rapidly from a pre-modern to a modern society, in other words, from what sociologists like to call *Gemeinschaft* to *Gesellschaft*. Inevitably, this rapid social change produced the anomic state in Korean society. In this context, traditional religions were no longer effective. Naturally, the existing religious market structure gradually collapsed and individuals, freed from the

binding power of traditional religions, started to switch their religiosity according to their taste. The collapse of traditional religions and the growth of Christianity can be explained by this perspective (B.-s. Kim 1995, 57-60).

Third, government favouritism of Christianity also played an important role in the growth of the Protestant Church. As noted before, most political leaders under the United States Military Government in Korea from 1945 to 1948 were Protestants. Moreover, Lee's government, the first government of the Republic of Korea, was a pro-Protestant regime. Most cabinet members and core leaders were Protestants. Naturally, the Protestant Church received many favours from the government. This special treatment was continued by Dictator Park, who rose to power in a coup d'état in May 1961. Kang summarizes this context as follows:

1) the Korean government was dependent on the U.S. government politically, militarily and economically, and Korean Christian churches had a solid network with their U.S. counterparts; 2) the U.S. Protestant and Catholic churches had considerable lobbying power in the U.S. Congress and the executive branch and exert [exerted] a strong influence on the Vatican and the World Council of Churches (WCC); and 3) based on this, the Korean Christian church secured a considerable degree of autonomy from the government (2000, 230).

Even though the total number of Protestant believers was still less than for other religions in the 1950s to 1970s, the influence of the Protestant churches was the most powerful in the religious market (S.-g. Park 1995). Their religious and political power became stronger in the 1970s to 1980s. In that sense, we can conclude that while the statistics indicate that the inter-religious market structure between 1945 and 1987 was close to a religious free market, Protestant churches seem to have had an oligopoly in terms of religious and political power.

### **Intra-religious Market**

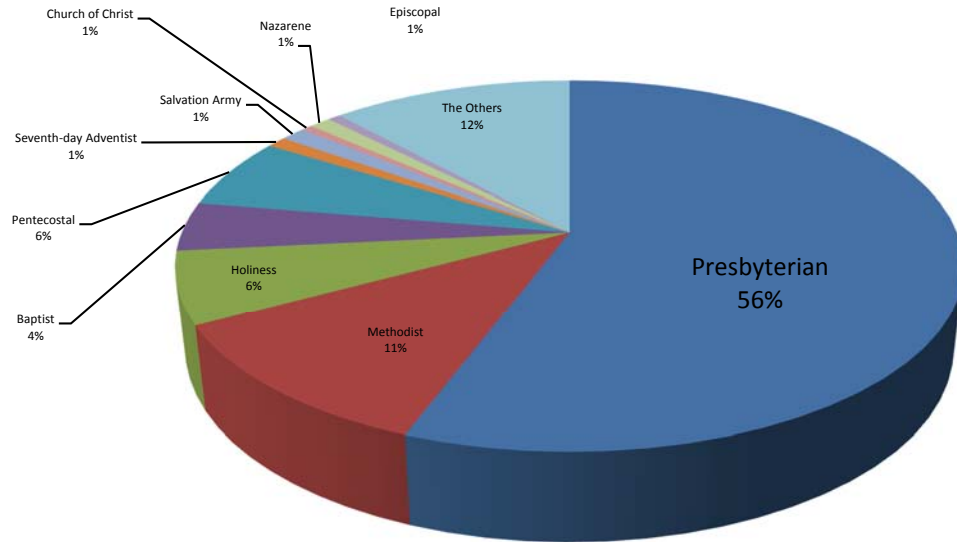
Between 1945 and 1987, intra-religious market also had been very lively. If a religion splits into many other subgroups, it can have its own religious submarket, known

as an intra-religious market. For this market to be formed, intra-religious context should meet the following two conditions: 1) formation of various subgroups, and 2) internal competition among them. Intra-religious context of Protestantism between 1945 and 1987 seemed to satisfy these conditions.

Since the early 20<sup>th</sup> century, many Protestant denominations had taken an active part in the Protestant intra-religious market of Korea. Under the Japanese rule, they concentrated on cooperation rather than competition for the sake of common benefits and goals, such as the liberation and evangelization of Korea. After the liberation in 1945, however, intra-religious conflict began to arise not only among denominations, but also within each denomination. Of course, this phenomenon was not confined to Protestant denominations. In this period, almost all religions experienced religious schism. In Buddhism, for example, there was a great schism in 1954, caused by the Buddhist purification movement against a community of married monks established under the Japanese rule (K.-s. Kim 2006). Subsequently, Korean Buddhism split into 60 denominations (B.-r. Kim 2001). National religions also split into more than 200 denominations. Most notably, Jeungsangyo was divided into 70 denominations immediately after the liberation (I.-c. Kang 1996, 231). Nevertheless, these conflicts did not last long. In the 1960s and 1970s, most religious schisms and conflicts had been resolved. However, intra-religious conflicts of the Protestant denominations continued. Why and how did intra-religious schism happen in this period? Why did the Protestant Church divide incessantly into so many denominations? In this section, I will analyse the intra-religious conflict and market between 1945 and 1987, focusing on the case of the Presbyterian Church.

Since the early mission period to the present, the winner of the Protestant denominational market has been the Presbyterian Church. The following chart shows the ratio of membership of the Korean Protestant intra-religious market in 1981.

**FIGURE 15**  
**DENOMINATIONAL STATISTICS**  
 (Ministry of Culture and Communication 1981)



According to the above statistics, the Korean Presbyterian Church had a 56% market share in the denominational market. Indeed, the Presbyterian denomination seemed to take an oligopolistic position in the intra-religious market.

As I proposed before, decreased profit or low market share tends to provoke internal unity. The more competitive an inter-religious market is, the tighter the union of intra-religious groups tends to be. This is because internal unity is more profitable for all the subgroups than internal split. Between 1910 and 1914, for example, 37 denominations competed with each other in the Protestant intra-religious market (Government-General of Joseon 1908-1943). In this market, the Presbyterian Church occupied the largest portion of intra-religious market share, followed by the Methodist Church. Even though the Protestant churches had grown remarkably and had a strong influence on Korean society, they held only 2% of the entire population until the end of the 1920s. As minorities, they did not have any room for internal competition during the colonial period because inter-religious competition was a more urgent issue. To survive this inter-religious competition, they had no choice but to cooperate with each other. According to

the term of Berger (1963), it can be seen as a religious cartel. We can find many cases of the ecumenical movement of the Protestant denominations in the early colonial period. After the liberation in 1945, however, once the Presbyterian Church became the most powerful denomination, another intra-religious market started to open up within the Presbyterian denomination. As I proposed earlier, increased profit or high market share is apt to produce internal conflicts or competition, often related to the problem of profit sharing or the struggle for leadership. We may observe this phenomenon from the schisms of the Presbyterian Church.

Between 1945 and 1987, there were three major schisms in the Korean Presbyterian Church. The first was caused by the Shinto shrine issue. On 10 September 1938, in the face of strong opposition, the 27<sup>th</sup> General Assembly meeting of the Korean Presbyterian Church had decided to allow Shinto worship service. Both before and after this tragic decision, many Christians who rejected Shinto shrine worship were arrested or became martyrs to persecution. On 15 August 1945, however, Korea was liberated from the Japanese Empire and those who had been imprisoned were released. On 20 September 1946, Joo Nam-Sun, Han Sang-Dong, and Park Yoon-sun founded the Korea Theological Seminary in the city of Pusan in order to reform the erring Korean church. This action began anew the training of church leaders in the historic Presbyterian tradition. However, the still undivided church's General Assembly would not recognize the new Korea Theological Seminary. Delegates from the Kyungnam *Buptong* [legal] Presbytery supporting the new Korea Theological Seminary spent three years trying in vain to normalize their relationship with the General Assembly, while the seminary continued to be unrecognized and they were refused membership. Accordingly, on 11 September 1952, the “*Korea Pa*”, which means Korea party, or “Kosin” church was instituted, organizing its own General Assembly. This was the first schism of the Presbyterian Church in Korea.<sup>85</sup>

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<sup>85</sup> Similarly, the Korean Methodist Church was split into *Jaegonpa* [reconstruction party] and *Bokheungpa* [pro-Japanese party] in 1953 by the same issue.

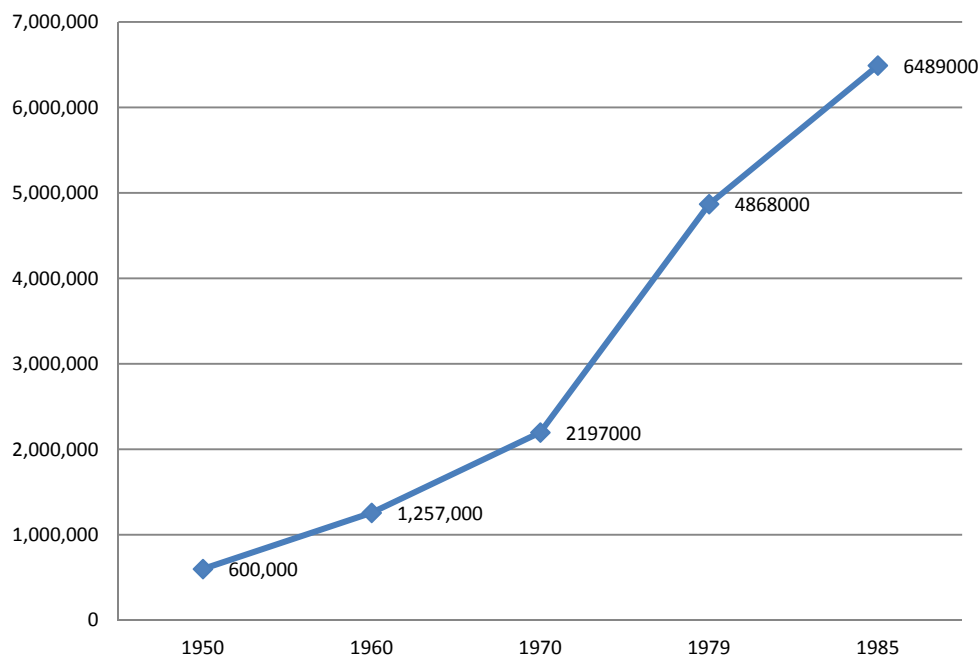
The second schism resulted from theological conflict between conservatives and progressives. In 1953, the Presbyterian Church faced serious conflict regarding theology and methods of biblical study taught at the then Chosun Theological Seminary, now the Graduate School of Theology, Hanshin University. From the early days of the Presbyterian Church, many Koreans were completely influenced by the conservative, fundamentalist theology propounded by the missionaries. There were some, however, who strove to be independent of this influence. Eventually a conflict erupted between the two groups. Those who learned liberal theology and methods of historical critical interpretation of the Bible came into conflict with ruling and authoritarian members of the Presbyterian Church who held a fundamentalist faith and view of the Bible ingrained in them by the missionaries. The authoritarian leaders of the Presbyterian Church accused the faculty of Chosun Theological Seminary of teaching heresy and of denying the infallibility of the Bible. This conflict divided the Presbyterians in 1953 into the Presbyterian Church in the Republic of Korea (PROK) and The Presbyterian Church of Korea (PCK). The missionary community was also divided over this matter. The US-American and Australian Presbyterian missionaries supported the PCK, while the Canadian missionaries supported the PROK.

The third schism took place because of a dispute over the issue of the relation to the World Council of Churches (WCC). The dissenting opinions came to the surface in discussion over joining the WCC conference in Evanston, USA in 1954. Some conservative groups objected to joining the WCC, but other groups wanted to join. This conflict of views resulted in a division into one assembly supporting the WCC and one against it. In 1959, the supporters of the WCC resumed the General Assembly at the Yondong church to establish the *Tonghap* [unification] Assembly, and professors and students who were servile to the Tonghap established their Seminary. Those who opposed the WCC and who met at the Seungdong church incorporated with the *Hapdong* [union]

group to establish the Hapdong General Assembly.<sup>86</sup> The following table is a summary of the post-liberation schism in the Presbyterian Church.

All the above splits contributed to the formation of an intra-religious market, more specifically a denominational market, within the Protestant Church. In spite of the tragedy of division, schisms of the Korean Protestant Church did not result in the loss in the inter-religious market. Because of excessive competition among the new denominations, between the 1960s and 1970s the Korean Protestant Church underwent explosive growth. The following statistics show how membership of the Protestant Church increased in this period more than at any time before.

**FIGURE 16**  
**MEMBERSHIP STATISTICS OF KOREAN PROTESTANT CHURCH**  
(JPIC 1982, 144)



Overall, this demonstrates that intra-religious conflicts tend to enliven the intra-religious market and make it grow.

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<sup>86</sup> On the same issue, the Korean Holiness church was split into *Kisung* and *Yesung* between 1955 and 1961.

Then, were there any causes other than the ostensible reasons? Let us look at religious schisms in terms of the religious market share. Some scholars like to explain it in terms of social or political contexts, such as deep-seated factionalism, denominationalism imported from foreign countries, the problem of foreign missionaries, or regional egoism. For instance, Min Kyung-bae (2005) points out two fundamental reasons for these church splits: (1) a serious doctrinal argument between fundamentalists and liberals, and (2) the factor of regionalism since the 1930s. Nevertheless, these explanations cannot account for all the schisms that occurred in most Korean religions and societies simultaneously between 1945 and 1960 (G.-s. Jeong 1997). Nor can they explain why the Korean Presbyterian Church split more than other Protestant denominations. According to the yearbook of the Christian church in Korea (1993), there were 62 Presbyterian denominations, 5 Methodist denominations, 3 Holiness denominations, 5 Baptist denominations, 7 Pentecostal denominations, and 9 other denominations in the Korean Protestant intra-religious market in 1993. Of course, the Presbyterian Church was the biggest denomination in the Protestant intra-religious market of South Korea. This fact implies that there is some relation between the intra-religious market share and denominational splits.

In fact, the religious schisms immediately after the liberation in 1945 and the Korean War in 1950 seemed to be much more related to the unstable social structure, the so-called state of anomie. As noted before, the religious binding power of traditional religions in Korean society was collapsed by anomic disorders in this period. According to the historical record, not only religious, but also social organizations of South Korea experienced conflicts and splits (G.-s. Jeong 1997). In that sense, denominational splits of the Protestant Church between the 1940s and 1950s was not a special phenomenon, but a result of social change. We can also explain other cases of religious schism in terms of this perspective.



However, the denominational splits of the Presbyterian Church between the 1960s and 1980s were a little different from other cases. Just as society became stable, intra-religious conflicts of other religions and Protestant denominations also decreased. For example, many Protestant denominations attempted to unite in the 1960s and 1970s and many of their attempts were successful. Nevertheless, intra-religious conflict of the Presbyterian Church continued and sometimes became much more serious. How do we explain this phenomenon? On the surface, it appears that three major issues caused denominational split: 1) the Shinto shrine worship issue, 2) the infiltration of theological liberalism, and 3) the issue of the relation to the WCC. However, when we look more closely, these seem nothing more than plausible excuses. People may think that many Korean Protestant denominations fought with each other for theological justification. In fact, however, they often fought over non-theological issues, such as the institutional profit or the strife over hegemony. Min argues as follows:

The divided Churches were not in a position to clean away at a minute the non-theological factors such as “the struggle for supremacy of the Church authority caused by those in the upper structure of the Church” which had exercised a tremendous influence throughout the entire course of the Church division (2005, 568).

In particular, we need to note the role of institutional interest in denominational schism. During this period, not every theological conflict resulted directly in a church split. Only when theological conflict met the issue of institutional interest, did intra-religious groups part company. For this reason, Kang In-chul (1996) regards “the institutional interest” as the main reason for denominational split. We may explain it in terms of the intra-religious market model, as illustrated earlier.

Between the 1960s and 1980s, the Korean Protestant Church was a winner in the inter-religious market. According to statistics for 1987, membership reached 10,337,075 (National Statistics Office 1995). This was almost 25 per cent of the population at that time. Once the Protestant Church took an exclusive position under the protection and strong support of U.S. and Korean political rulers, there began to be seen reallocation of

the increased religious and social resources (I.-c. Kang 1996, 249-250). As predicted before, the increased profits of the Protestant denominations started to cause intra-religious conflict among them (Yoen 2006). The best example is the division of Tonghap and Hapdong in the Presbyterian Church. According to the agreed opinion, the main reasons were religious power and money, in what became known as the “thirty million Hwan case”. Yang explains it as follows:

Behind the separation of the two representative Korean Presbyterian denominations there had been a thirty-year (from 1920s to 1950s) old conflict and confrontation between Rev. Kyung Gik Han and prof. Hyung Ryong Park. In the early fifties, there happened an incident in which president Park lost the school budget of thirty million Hwan ..... One strategy of the “evangelicals” to achieve their goal was to criticize that the “ecumenical” were theological liberals and tolerating the communism. The basis for such assault was that the ecumenical wanted the Korean Presbyterian Church to be a member of the World Council of the Churches. A more direct cause of the separation, however, was the scandal of unclean election of the commissioners for the general assembly in the Kyunggi presbytery (2005, 161).

There were many similar cases among Korean Presbyterian denominations during this period. Just like commercial enterprises, they acted rationally and politically for the maximization of their institutional interest. Sometimes they split and sometimes they united in order to stand against other sects or seek for more profits. As O Kyung-hwan argues, religious leaders in this period had a tendency to consider the “institutional interests” of the church before anything else, and acted according to that principle (1990, 322-324). Kang In-chul also argues the religious leaders’ tendency to favour institutional interests as follows:

That is, their action is oriented towards protecting the institutional interests of the church and maximizing its influence and thus, they show sensitive responses to situations in which “the institutional interests are violated or the attempts to maximize the interests are foiled or baffled.” Especially when church leaders perceive that those situations are promoted by the state or the political elites, they are more likely to express their “religious” discontent as “political” discontent (2000, 236).

This chaotic state amplified intra-religious conflict and competition. As a result, the Presbyterian intra-religious market was enlivened to an extreme degree.

Therefore, we may conclude that the religious oligopoly structure of the Korean Presbyterian Church made the denomination breakable and affected denominational splits; on the other hand, these splits contributed greatly to the denominational growth. Although almost every Protestant denomination experienced denominational splits, the average growth rate of the Protestant Church over the decade from 1960 to 1970 amounted to 512.4% (No 1997, 122). Similarly, although the Presbyterian denominations split more than any others did, they also grew the most. According to the report of the General Assembly, Presbyterian Church of Korea (Tonghap) grew almost four times over the last 38 years in spite of serious splits and the annual growth rate between 1970 and 2008 amounted to 10.7% (Presbyterian Church of Korea 2009).

### **Summary and Conclusion**

In chapter 6 and 7, I tried to show how new typologies of RMM can be applied in an actual religious context through the case of South Korea in the period between the liberation from Japan in 1945 and the democratization in 1987. In this chapter, I analysed the structure of three religious markets of South Korea in the same period. First, for the extra-religious market, the non-religious rivals I chose to analyse were authoritarianism and democratism. The former functioned as a political religion in the military regimes of South Korea. Many ideologies, such as anti-communism or developmentalism, were practiced uncritically and even religiously by authoritarian rulers. The latter, by contrast, functioned as a civil religion. Just like religion, this ideology unified people and made them sacrifice for the democratic movement. These two ideologies affected the existing religious markets by regulation or favour respectively. Second, I analysed the inter-religious market of Korea between 1945 and 1987 in terms of the new typology of the religious market structure. According to the analysis, its market structure was religious oligopoly by the three main religions: Buddhism, Protestantism, and Catholicism. During this period, the Protestant Church was a winner among them in the inter-religious market.

Contrary to the situation for the traditional religions, religious affiliation within the Protestant Church increased remarkably. By the end of the 1980s, the Protestant Church occupied 24.4% of the inter-religious market. Third, I analysed the intra-religious market of South Korea, focusing on the Presbyterian denominations. During this period, the Presbyterian Church was a winner in the intra-religious market. In 1981, it occupied 56% of the Protestant intra-religious market. However, this oligopolic context promoted many more denominational splits within the denomination. In this observation, I tried to demonstrate how increased interests and resources in the oligopolic state are related to further religious schism.

To conclude, as in the previous case, I attempted to demonstrate how the new typologies of RMM could be used to describe the diversity and complexity of religion through the case of Korean religious markets between 1945 and 1987. Furthermore, I tried to demonstrate that these religious markets are correlated with each other by various social and religious factors.

## **CHAPTER 8**

### **SUMMARY AND CONCLUSION**

This thesis has examined new typologies of the religious market model in terms of the economic approach to religion in religious studies. The starting point of this research was a series of unresolved questions: How has religious studies interpreted religious phenomena so far? Why and how has the old paradigm of religious studies failed to explain the resurgence of religion in a secular society? How have the new paradigm theorists interpreted it and what methods have they applied? How has the economic approach to religion been developed so far? How have economists of religion developed their main theory, the religious market model, and what was the weak point of the model? How do we compensate for this weakness and update the previous religious market model? How do we know that it actually works in the field?

The focal point of all the above questions was how the economic approach to religion model can explain more diverse religious contexts. These questions determined the structure of this research, the results of which are summarized below.

#### **Summary**

The economic approach to religion has contributed greatly to the formation of a new paradigm in religious studies. This thesis has dealt with it in terms of religious studies, neither sociology nor economics. More specifically, I have looked at the religious market model, the main theory of the economic approach to religion, and attempted to update it in order that it might be applied to more diverse religious contexts. In order to establish the theory, I structured the thesis into three parts: 1) theoretical background of the economic approach to religion, 2) theoretical extension of the religious market model, and 3) application of the new typologies to two cases of the Korean religious market.

In the first part, I introduced the theoretical background of the economic approach to religion. In Chapter 2, I discussed how the economic approach to religion has emerged

in religious studies. I provided a brief history of religious studies, showing how the economic approach to religion has appeared in the long line of discussion regarding the interpretation of religious phenomena. The traditional perspective on religion expected that religious decline would be inevitable in the modern period, because of the process of secularization. However, new paradigm theorists refute this view, arguing that religious decline has no connection with modernization or secularization; rather, a pluralistic situation in the modern period enhances religious vitality. Indeed, new paradigm theorists point to religious competition in the religious market context as the origin of the worldwide resurgence of religion.

In Chapter 3, I introduced in detail the two key concepts of the economic approach to religion: the rational choice theory and the religious market model. Economists of religion see human beings as rational utility maximizers who pursue self-interest. They assume that not only individuals but also religious organizations engage in religious actions rationally after calculating the expected costs and the benefits of expected outcomes. Based on this assumption, they established the religious market model, applying micro-economic theories to religious contexts. After this review, I introduced theoretical debates on the economic approach to religion in terms of method, assumption, and application. Then, I pointed out three limitations of the previous religious market model: 1) narrow understanding of the religious economic system, 2) narrow understanding of the religious market, and 3) narrow understanding of the religious market structure. In doing so, I demonstrated why the previous religious market model needs to be updated.

Based on the issues raised above, in the second part I attempted to compensate for the weak points of the previous religious market model. In Chapter 4, I suggested new typologies of religious economic system and religious market. First, I presented a new typology of the religious economic system. According to the extent of government regulation of religion, I classified the religious economic system into three types: 1) a

hands-on system, 2) a hands-off system, and 3) a mixed system. In this typology, a hands-on system is a religious economic system regulated strongly by the central authorities. According to the type of central authority, I subdivided this system into two types: 1) state-initiated, and 2) religion-initiated. A hands-off system is a religious economic system deregulated fully by the central authorities. A mixed religious economic system comprises elements of both hands-on and hands-off systems. Then, I presented a new typology of the religious market. According to the religious product in competition, I classified it into three types: 1) the extra-religious market, 2) the inter-religious market, and 3) the intra-religious market. The extra-religious market refers to the religious market in which institutional types of religion compete with uninstitutional types and functional equivalents of religion. The inter-religious market is the religious market in which different institutional types of religion compete with each other and sell their own religious products. The intra-religious market is the religious market in which various religious subgroups within the same major faith tradition compete with each other through similar but differentiated religious products. Of course, the religious market can also be classified according to geographical boundary. In this research, therefore, I classified local religious market into local inter-religious market and local intra-religious market, according to the religious product and geographical area.

In Chapter 5, I suggested another new typology, regarding the religious market structure. As noted before, the previous religious market model has often been found inadequate to describe various situations of the religious market context. In order to compensate for this weakness, I attempted to expand the previous concept of the religious market structure. First, I classified the religious market structure into two types according to the type of competition: 1) the perfectly competitive religious market and 2) the imperfectly competitive religious market. The most common structure of the first type of competition is the religious free market context. In the latter type of religious competition, there are four types of religious market structure: 1) the religious oligopoly, 2) the

religious monopoly, 3) the religious monopsony, and 4) the religious oligopsony. Based on these classifications, I discussed how social and religious factors might affect the religious market structure and how the religious market might be varied according to different religious market situations. Furthermore, I presented some propositions related to these typologies. In this discussion, I tried to demonstrate that religious markets and their structures are not static, but are always changing.

In the final part, I applied all the above typologies to two cases of Korean religious context from 1948 to 1987. I investigated how the new typologies can be described in the actual field and demonstrated how the religious market is not a single market, but a complex market combining a religious economic system, a religious market, and a religious market structure. In Chapter 6, I dealt with the case of the religious economic system of South Korea between the liberation in 1945 and the democratization in 1987. After a brief introduction of historical background, I analyzed the religious context in terms of the degree of government regulation of religion. While religious freedom and separation of state and religion were given like a hands-off system in this period, government favouritism or regulation of religion still remained. Between 1945 and 1960, the religious economic system of South Korea was characterized by religious favouritism of pro-Christian governments. This religious favouritism continued in the subsequent military regimes between 1960 and 1987. In this period, it was Buddhism that received a special favour from governments. Of course, government regulation also had been attempted by military dictators in order to exercise their sovereign power strongly. Depending on the political situation, they sometimes regulated but sometimes deregulated religious markets. For this reason, I concluded that the religious economic system of South Korea from 1945 to 1987 was much closer to a mixed religious economic system.

In Chapter 7, I analysed the structures of three religious markets of South Korea between the liberation from Japan in 1945 and democratization in 1987. For the extra-religious market, first, I chose to analyse authoritarianism and democratism as non-



religious rivals of traditional religions. In this analysis, I argued that the former functioned as a political religion in the military regimes of South Korea; the latter, by contrast, functioned as a civil religion. Second, I analysed the inter-religious market of Korea. In this analysis, I noted that the religious free market structure had changed into a religious oligopoly during this period. In this religious competition, I regarded the Protestant Church as a winner, because contrary to the traditional religions, religious affiliation to the Protestant Church increased remarkably during this period. Finally, I analysed the intra-religious market of Korea. In the analysis of this market, I focused on the Presbyterian denominations. During this period, the Presbyterian Church was the winner of the Protestant intra-religious market in the position of denominational oligopoly. However, the Presbyterian Church had split into many other denominations. From this case, I confirmed how increased profit or high market share produced intra-religious conflict and competition, and how decreased profit or low market share promoted internal unity in each religious group.

### **Conclusion**

This thesis has shown a way to describe various religious contexts in terms of the updated religious market model based on the economic approach to religion. One of the main challenges of the previous religious market model is the extent to which it can explain diverse religious contexts. The model has shown some limitations because of its narrow understanding of the religious market. The conclusion to be drawn from this study is that the religious market should be a plural, not singular, concept. According to this research, it consists of various types of religious economic systems and religious markets. In each religious market, furthermore, there are various types of religious market structures. I hope these typologies are able to describe more diverse religious contexts and to provide an impetus for strengthening the religious market model.

This study lays the foundation for future work on the following two areas: 1) the theoretical extension of the new typologies and 2) the application of the typologies to other religious contexts. First, the new typologies proposed in this research leave more to be investigated and answered. I have classified religious economic systems according to the extent of government regulation of religion. However, it remains to be seen whether it can be classified by other possible factors, such as social regulation or social type. Types of religious markets also need further discussion. Because of the complexity of religion, there can be diverse types of religious markets, such as a seasonal or international religious market, and a religious market in cyber space or PC games. There also remain some problems regarding the typology of the religious market structure. How do we deal with the religious market structure between institutional types of religion and uninstitutional types, if they may compete with or affect each other? Can we measure the religious market structure in a syncretic society or a multiple religious identity group?

Second, the application of the typologies needs considerably more work to be done. It remains to be seen whether they can describe other religious contexts. Some of the application part of this research has been performed with limited factual data, which might be characterized as insufficiently reliable. In fact, the point of this part was not to give an accurate description or analysis of the entire religious market context, but to test the new typologies in the actual field. In subsequent research, I hope that more extensive studies will be performed, on different large-scale assessments.

Certainly, the new typologies of RMM in this research need to be substantiated by further research. Nevertheless, it is hoped that they will contribute to the further discussion of the religious market model. It is also hoped that this thesis will serve as a platform from which studies of greater depth and specificity may be undertaken.

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## VITA

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